NEW YORK CITY COMPTROLLER
**SCOTT M. STRINGER**

Bureau of Budget

December 13, 2019

# The State of the City's Economy and Finances

1 Centre Street, New York, NY 10007 • (212) 669-3500 • www.comptroller.nyc.gov • @NYCComptroller

Cover photo: Jacob Bogitsh

**SCOTT M. STRINGER**
**Comptroller**

**Deputy Comptroller for Budget**
Preston Niblack

**Bureau Chief**
Eng-Kai Tan

**Chief Economist**
Lawrence Mielnicki

**Project Coordinator**
Manny Kwan

**Principal Economist**
Farid Heydarpour

**Staff**

Kettly Bastien
Hector Cardona
Rosa Charles
Stephen Corson
Selcuk Eren
Peter E. Flynn
Tammy Gamerman
Steven Giachetti

Michele Griffin
Michael Hecht
Dahong Huang
Irina Livshits
Andrew McWilliam
Marcia Murphy
Andrew Rosenthal
Orlando Vasquez

# Table of Contents

# List of Tables

# List of Charts

# I. Executive Summary

Both the national and local economies continued to grow in the first nine months of 2019, making the current expansion the longest on record. However, the 2019 growth in the national economy slowed to an annual rate of 2.4 percent from 3 percent in 2018. In contrast, growth in the local economy picked up slightly in the first nine months of 2019 to an annual rate of 2.9 percent, marginally above the 2.7 percent growth over the same period in 2018. The Comptroller's Office expects both the national and local economies to continue growing in 2020 through 2023, but at a more moderate pace, fueled by consumer spending, low inflation, and accommodative monetary policy by the Federal Reserve.

The biggest risks to the economy continue to be the ongoing trade war with China and slowing global growth. The uncertainties created by trade tensions have led businesses to postpone capital expenditures and to rely on increasing labor to raise output. Should trade tensions escalate to the point where businesses stop hiring, consumption-led growth could falter. At the same time, slowing global growth would lower foreign demand for U.S. exports.

The November Modification increases the adopted FY 2020 budget by $1.62 billion to $94.39 billion, with revisions to the Federal and State funded portions of the budget accounting for more than half of the increase. City-funds revenues are $648 million higher than the Adopted Budget, with tax revenues accounting for $482 million of the increase. The additional City-funds revenues help to fund both a net increase of $98 million in City-funds expenditures and a FY 2020 Budget Stabilization Account (BSA) to prepay $550 million of FY 2021 Transitional Finance Authority (TFA) debt service.

Tax revenues in the outyears of the Plan remain unchanged from the June 2019 Plan. Non-tax revenues, however, are revised upwards in each of the outyears. The additional non-tax revenues are due primarily to revisions to projected revenues from speed camera fines.

Increases to City-funds spending in FY 2019 reflect several new spending needs. The City included $234 million of new spending needs for FY 2020, with recurring expenses of approximately $300 million in the outyears of the Plan. The new spending needs are primarily to support criminal justice reform arising from State legislative changes adopted in the Spring, as well as agreements between the Mayor and Council at the time the budget was adopted, including a change in indirect cost reimbursement to health and human service providers, and salary parity between teachers in the City's contracted early childhood program and Department of Education (DOE). Together, these additional spending account for more than two-thirds of new needs spending in FY 2020 and more than half of the new needs in the outyears.

The additional spending in the November Plan is partially offset by a Citywide Savings Program (CSP), which is projected to provide budget relief of $224 million this fiscal year, $249 million next fiscal year, and $197 million and $173 million in FY 2022 and FY 2023, respectively. In an encouraging departure from previous CSP, efficiency initiatives account for the largest share of the CSP, accounting for more than half the savings over the four years of the Plan. The largest savings is from the closings of the Eric M. Taylor center at Rikers Island and the Brooklyn Detention Center, which together are estimated to reduce spending by almost $300 million over the four years of the Plan.

Compared to the June Financial Plan, the projected FY 2021 gap of $3.02 billion is $506 million lower, aided by the $550 million prepayment of FY 2021 TFA debt service. Outyear gaps changed only marginally, growing by $72 million and $56 million to $2.95 billion and $3.20 billion in FY 2022 and FY 2023, respectively. The Comptroller's Office analysis of the Financial Plan projects higher revenues than the City in each year of the Plan, partially offset by spending risks not included in the plan. As a result, the Comptroller's Offices analysis shows net additional resources over Plan estimates in each year of the Plan, ranging from a low of $118 million in FY 2020 to a high of $526 million in FY 2021. Consequently, the Comptroller's Office projects a modest budget surplus of $118 million in FY 2020, smaller gaps of $2.49 billion in both FY 2021 and FY 2022, and $2.84 billion in FY 2023.

## Table 1. FY 2020 – FY 2023 Financial Plan

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Change FYs 2020 –2023 Dollar | Change FYs 2020 –2023 Percent |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Taxes: | | | | | | |
| General Property Tax | $29,785 | $31,089 | $32,328 | $33,286 | $3,501 | 11.8% |
| Other Taxes | 33,119 | 33,211 | 34,180 | 35,113 | 1,994 | 6.0% |
| Tax Audit Revenues | 999 | 721 | 721 | 721 | (278) | (27.8%) |
| **Subtotal: Taxes** | **$63,903** | **$65,021** | **$67,229** | **$69,120** | **$5,217** | **8.2%** |
| Miscellaneous Revenues | 7,398 | 7,020 | 7,024 | 7,042 | (356) | (4.8%) |
| Less: Intra-City Revenues | (2,095) | (1,851) | (1,843) | (1,841) | 254 | (12.1%) |
| Disallowances Against Categorical Grants | (15) | (15) | (15) | (15) | 0 | 0.0% |
| **Subtotal: City-Funds** | **$69,191** | **$70,175** | **$72,395** | **$74,306** | **$5,115** | **7.4%** |
| Other Categorical Grants | 985 | 874 | 864 | 863 | (122) | (12.4%) |
| Inter-Fund Revenues | 717 | 674 | 673 | 673 | (44) | (6.1%) |
| Federal Categorical Grants | 8,013 | 7,081 | 6,994 | 6,962 | (1,051) | (13.1%) |
| State Categorical Grants | 15,488 | 15,790 | 16,251 | 16,707 | 1,219 | 7.9% |
| **Total Revenues** | **$94,394** | **$94,594** | **$97,177** | **$99,511** | **$5,117** | **5.4%** |
| | | | | | | |
| **Expenditures** | | | | | | |
| Personal Service | | | | | | |
| Salaries and Wages | $30,071 | $30,871 | $30,730 | $31,611 | $1,540 | 5.1% |
| Pensions | 9,965 | 10,113 | 10,538 | 10,575 | 610 | 6.1% |
| Fringe Benefits | 11,416 | 11,874 | 12,547 | 13,249 | 1,833 | 16.1% |
| **Subtotal-PS** | **$51,452** | **$52,858** | **$53,815** | **$55,435** | **$3,983** | **7.7%** |
| Other Than Personal Service | | | | | | |
| Medical Assistance | $5,915 | $5,915 | $5,915 | $5,915 | $0 | 0.0% |
| Public Assistance | 1,651 | 1,651 | 1,651 | 1,650 | (1) | (0.1%) |
| All Other | 32,625 | 30,824 | 31,167 | 31,357 | (1,268) | (3.9%) |
| **Subtotal-OTPS** | **$40,191** | **$38,390** | **$38,733** | **$38,922** | **($1,269)** | **(3.2%)** |
| Debt Service | | | | | | |
| Principal | $3,613 | $3,759 | $3,949 | $4,063 | $450 | 12.5% |
| Interest & Offsets | 3,504 | 3,753 | 4,224 | 4,879 | 1,375 | 39.2% |
| **Subtotal Debt Service** | **$7,117** | **$7,512** | **$8,173** | **$8,942** | **$1,825** | **25.6%** |
| FY 2019 BSA and Discretionary Transfers | ($4,221) | $0 | $0 | $0 | $4,221 | (100.0%) |
| FY 2020 BSA | $550 | ($550) | $0 | $0 | ($550) | (100.0%) |
| Capital Stabilization Reserve | $250 | $250 | $250 | $250 | $0 | 0.0% |
| General Reserve | $1,150 | $1,000 | $1,000 | $1,000 | ($150) | (13.0%) |
| Less: Intra-City Expenses | ($2,095) | ($1,851) | ($1,843) | ($1,841) | $254 | (12.1%) |
| **Total Expenditures** | **$94,394** | **$97,609** | **$100,128** | **$102,708** | **$8,314** | **8.8%** |
| | | | | | | |
| **Gap To Be Closed** | **$0** | **($3,015)** | **($2,951)** | **($3,197)** | **($3,197)** | **NA** |

NOTE: Numbers may not add to totals due to rounding.

## Table 2. Plan-to-Plan Changes
## November 2019 Plan vs. June 2019 Plan

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| General Property Tax | $0 | $0 | $0 | $0 |
| Other Taxes | 482 | 0 | 0 | 0 |
| Tax Audit Revenues | 0 | 0 | 0 | 0 |
| **Subtotal: Taxes** | $482 | $0 | $0 | $0 |
| Miscellaneous Revenues | 441 | 111 | 142 | 166 |
| Unrestricted Intergovernmental Aid | 0 | 0 | 0 | 0 |
| Less: Intra-City Revenues | (275) | (34) | (28) | (27) |
| Disallowances Against Categorical Grants | 0 | 0 | 0 | 0 |
| **Subtotal: City-Funds** | $648 | $77 | $114 | $139 |
| Other Categorical Grants | 57 | 4 | 1 | 0 |
| Inter-Fund Revenues | (18) | 2 | 1 | 1 |
| Federal Categorical Grants | 785 | 10 | (4) | (5) |
| State Categorical Grants | 150 | 80 | 73 | 24 |
| **Total Revenues** | $1,622 | $173 | $185 | $159 |
| | | | | |
| **Expenditures** | | | | |
| Personal Service | | | | |
| Salaries and Wages | $30 | ($64) | ($57) | ($63) |
| Pensions | 2 | (17) | (38) | (57) |
| Fringe Benefits | 74 | 20 | 20 | 21 |
| **Subtotal-PS** | $106 | ($61) | ($75) | ($99) |
| Other Than Personal Service | | | | |
| Medical Assistance | $0 | $0 | $0 | $0 |
| Public Assistance | 0 | 0 | 0 | 0 |
| All Other | 1,353 | 348 | 380 | 337 |
| **Subtotal-OTPS** | $1,353 | $348 | $380 | $337 |
| Debt Service | | | | |
| Principal | $0 | $33 | $90 | $96 |
| Interest & Offsets | (112) | (69) | (110) | (92) |
| **Subtotal Debt Service** | ($112) | ($36) | ($20) | $4 |
| FY 2019 BSA and Discretionary Transfers | $0 | $0 | $0 | $0 |
| FY 2020 BSA | $550 | ($550) | $0 | $0 |
| Capital Stabilization Reserve | $0 | $0 | $0 | $0 |
| General Reserve | $0 | $0 | $0 | $0 |
| Less: Intra-City Expenses | ($275) | ($34) | ($28) | ($27) |
| **Total Expenditures** | $1,622 | ($333) | $257 | $215 |
| | | | | |
| **Gap To Be Closed** | $0 | $506 | ($72) | ($56) |

NOTE: Numbers may not add to totals due to rounding.

## Table 3. Risks and Offsets to the November 2019 Financial Plan

($ in millions, positive numbers decrease the gap and negative numbers increase the gap)

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| **City Stated Gap** | $0 | ($3,015) | ($2,951) | ($3,197) |
| | | | | |
| **Tax Revenues** | | | | |
| Property Tax | $200 | $387 | $735 | $1,085 |
| Personal Income Tax | 154 | 272 | 143 | 63 |
| Business Taxes | 56 | 153 | 191 | 206 |
| Sales Tax | 35 | 14 | (81) | (188) |
| Real Estate Transaction Taxes | 9 | 16 | (27) | (78) |
| Audit | 0 | 154 | 154 | 154 |
| **Total Tax Revenues** | **$454** | **$996** | **$1,115** | **$1,242** |
| | | | | |
| **Expenditures** | | | | |
| Overtime | ($241) | ($150) | ($150) | ($150) |
| Charter School Tuition | 0 | (150) | (334) | (562) |
| Homeless Shelters | (100) | (100) | (100) | (100) |
| Pupil Transportation | (75) | (75) | (75) | (75) |
| Fair Fares | 70 | (50) | (50) | (50) |
| DOE Medicaid Reimbursement | (20) | (20) | (20) | (20) |
| VRDB Interest Savings | 30 | 75 | 75 | 75 |
| **Total Expenditures** | **($336)** | **($470)** | **($654)** | **($882)** |
| | | | | |
| **Total (Risks)/Offsets** | **$118** | **$526** | **$461** | **$360** |
| | | | | |
| **Restated (Gap)/Surplus** | **$118** | **($2,489)** | **($2,490)** | **($2,837)** |

NOTE: Numbers may not add to totals due to rounding.

# II. The State of the City's Economy

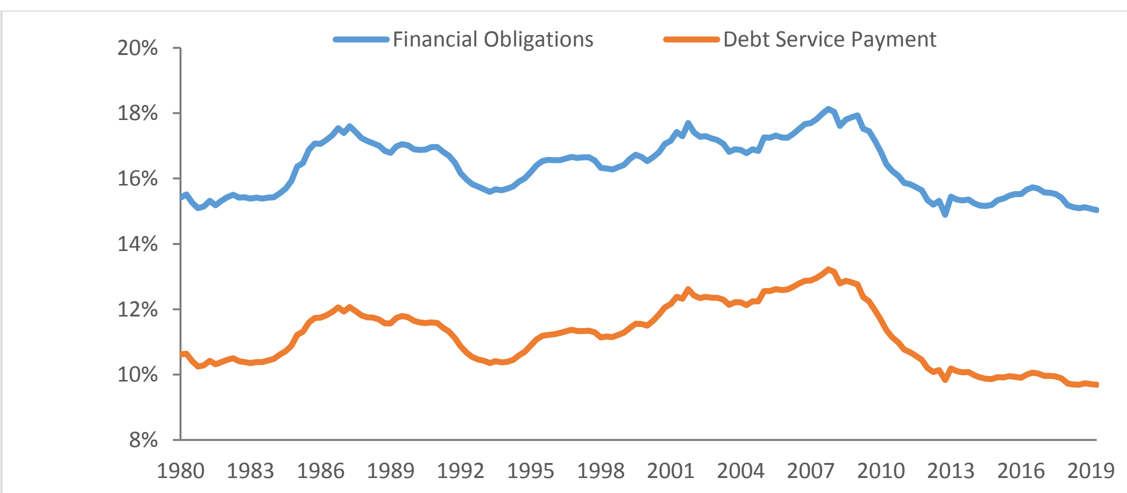
## U.S. Economic Performance in 2019

The U.S. economy continued to grow during the first three quarters of 2019, albeit at a slower pace than in recent quarters. This makes the current expansion the longest in United States history. Real Gross Domestic Product (GDP) grew at an annual rate of 2.4 percent during the first three quarters of 2019, compared with 3.0 percent growth during the same period in 2018. The Federal Reserve's accommodative monetary policy, consumer spending, and government expenditure fueled this growth. The economy is expected to continue to grow through the forecast period ending in 2023, but at a slower pace. Growth will be fueled by strong consumer spending, increases in business investment, government spending, and a decline in the trade deficit.

Consumer spending grew at an annual rate of 2.9 percent in the first three quarters of 2019, less than the 3.1 percent rate recorded in 2018. Growth was driven by robust job numbers, higher wages, and a strong consumer balance sheet. Private-sector jobs in the U.S. grew at an annual rate of 1.8 percent in the first ten months of 2019, less than the 2.0 percent in 2018. However, the unemployment rate averaged 3.7 percent in the first ten months of 2019, the lowest rate since 1969. As a result, average hourly earnings for private-sector employees grew 3.1 percent in the first ten months of 2019, on a year-over-year basis.

Consumer finances are in good shape with low debt, higher home owner's equity, and higher net worth. According to the Federal Reserve Board, household financial obligations as a percentage of disposable personal income was 15.03 percent in the second quarter of 2019, the lowest on record. Household debt service payments as a percentage of disposable income were 9.69 percent in the second quarter of 2019, same as the third quarter of 2018 which was the lowest rate on record (Chart 1). Furthermore, as of the second quarter of 2019, home owner's equity was at a record high; household net worth (total assets minus total liabilities) of $113.5 trillion was at a record high; and households' net worth as a percentage of disposable personal income was the third highest quarter on record.

### *Chart 1. Household Debt Service Payments and Financial Obligations as a Percentage of Disposable Personal Income*




SOURCE: Federal Reserve Board of Governors

Government expenditures grew at an average annual rate of 3.1 percent from the beginning of 2019. Expenditure on defense grew 4.4 percent while nondefense expenditure grew 4.9 percent. Higher government expenditure and lower tax revenue has led to an increase in the deficit. According to the Congressional Budget Office, the federal deficit for the budget year 2019 surged 23.2 percent to $960 billion, the highest level in seven years (since 2012) and it is expected to stay above $1 trillion over the next decade.

Private investment fell 0.2 percent in the first three quarters of 2019, the first decline since 2016. The main factors behind the decline were private nonresidential investment in structures and equipment, which fell at an annual rate of 6.7 percent and 1.0 percent, respectively, since the beginning of 2019. These declines were not in line with the expectation of higher private investment due to lower interest rates, lower corporate taxes, regulation rollbacks, and the repatriation of corporate profits from abroad.

Exports, which account for 13 percent of the nation's GDP fell at an average annual rate of 0.3 percent in the first three quarters of 2019. Imports, which account for 18 percent of the nation's GDP remained unchanged during the same period.

## New York City's Economic Performance in 2019

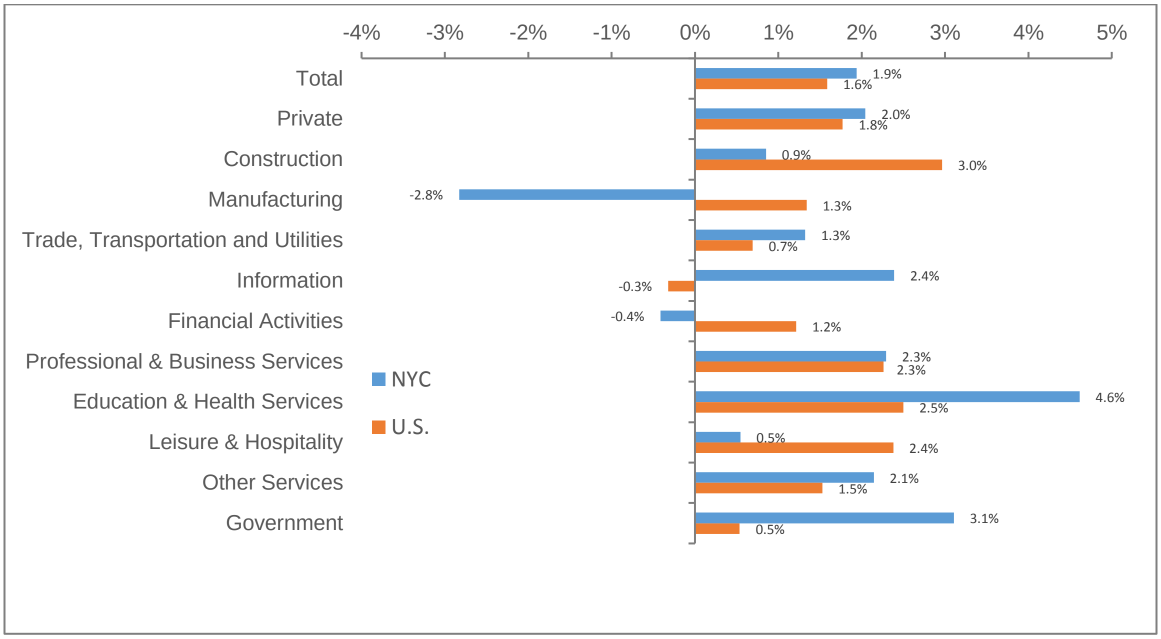
Economic growth accelerated in the City during the first three quarters of 2019 compared with the same period a year ago. The City's economy, as measured by real gross city product (GCP), grew at an average annual rate of 2.9 percent during the first three quarters of 2019, higher than the 2.4 percent growth in the U.S. and exceeding the 2.7 percent growth in the City during the same period in 2018. The City's growth was reflected in strong job gains, a low unemployment rate, higher earnings, and robust venture capital investment.

Private sector jobs for the first ten months of 2019 in the City surpassed the four million mark for the first time. Private sector jobs increased by 80,700 or 2.0 percent higher than during the same time in 2018. However, the pace of job growth was slower than the 86,800 or 2.2 percent growth achieved in 2018. Chart 2 shows the change in jobs for the City and the nation in the first ten months of 2019 on a year-over-year basis.

Most of the new private sector jobs were in low-wage industries paying less than $63,000 on average. Of the 80,700 new private-sector jobs, 63,000 or 78.1 percent were in low-wage industries. High-wage industries, with average earnings/salaries of more than $126,000, accounted for 14,500 or 18.0 percent of the new private-sector jobs, with just 3,200 jobs or 3.9 percent of total new jobs, paying in the middle of the range.

The City's unemployment rate, labor force participation rate, and employment-to-population ratio continued to hover near record levels. The City's unemployment rate averaged 4.2 percent in the first ten months of 2019, the lowest on record. The average labor force participation rate fell slightly to 60.6 percent in the first ten months of 2019 from 60.7 percent in the same period in 2018, largely as a result of a small decline in the labor force. The City's average employment-to-population ratio, which had reached a record high of 58.2 percent in the first ten months of 2018, fell slightly to 58.0 percent in 2019.

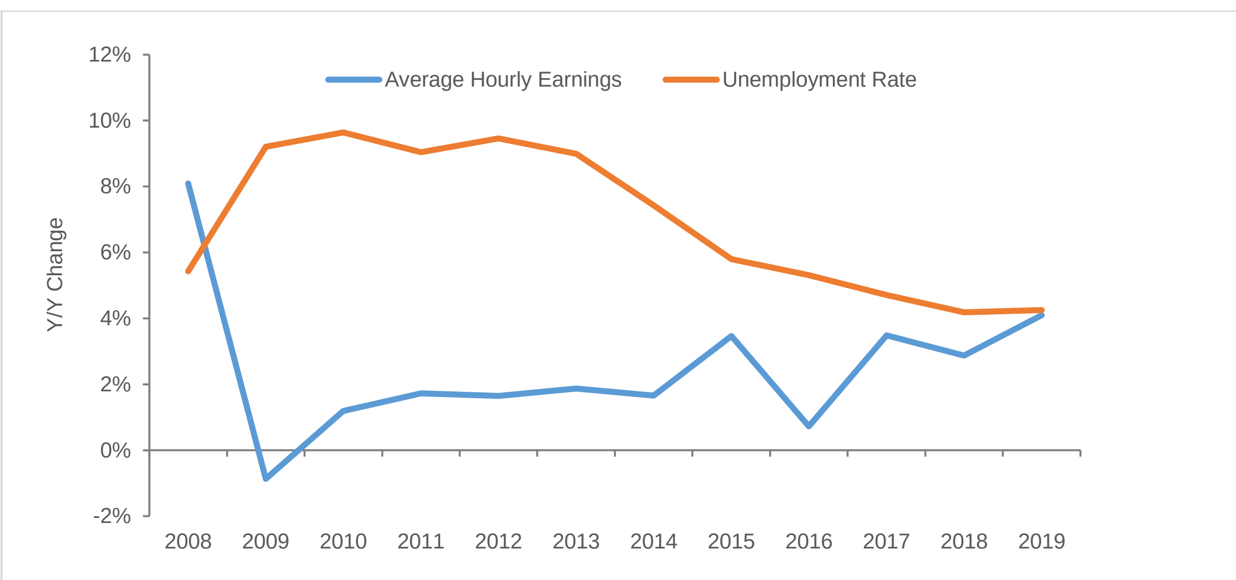
## Chart 2. Change in NYC and U.S. Payroll Jobs Average for the First 10 Months, 2019 over 2018




SOURCE: Monthly data from the U.S. Bureau of Labor Statistics and the NYS Department of Labor

The tight labor market led to an increase in average hourly earnings. On a year-over-year basis, average hourly earnings in the City grew 4.1 percent during the first ten months of 2019 to $37.55, surpassing the nation's 3.1 percent growth. It was also the biggest jump since the City posted 8.1 percent growth in 2008 (Chart 3). The New York metro area inflation rate was 1.6 percent during the same period, yielding a growth in real incomes.

## Chart 3. Unemployment Rate and Average Hourly Earnings Average for the First 10 Months, 2008-2019




SOURCE: Monthly data from the U.S. Bureau of Labor Statistics and the NYS Department of Labor

Commercial real estate was soft in the first three quarters of 2019 as reported by broker Cushman and Wakefield. In Manhattan, new leases totaled 25.6 million square feet (msf) in the first three-quarters of 2019, a 0.5 percent drop from the 25.7 msf in the same period in 2018. Leasing increased in the Downtown and Midtown districts but declined in Midtown South. Manhattan's overall vacancy rate rose to 10.6 percent as of the third quarter of 2019 compared with 9.5 percent a year ago primarily because of an 11.7 percent increase in total available space. Overall asking rents increased in Manhattan in the third quarter of 2019 from a year ago.

While home sales increased by 12.5 percent in the second quarter of 2019 (fourth quarter of FY 2019), on a year-over-year basis, average home sales prices were flat, based on reporting by Douglas Elliman. The listing inventory rose 8.2 percent from the prior year. The residential real estate market shows signs of softening in the current fiscal year. Housing prices fell in Manhattan and Brooklyn in Q3 2019 (Q1 FY2020) on a year-over-year basis but increased in Queens, according to Douglas Elliman. Prices in Manhattan and Brooklyn fell by 14.1 percent and 7.1 percent, respectively, while prices in Queens rose 2.5 percent. The number of 1- to 3-family homes sold fell in Brooklyn (17.6 percent), and in Queens (6.0 percent) in Q3 2019 (Q1 2020), on a year-over-year basis. However, while the average sales price per square foot fell 6.8 percent in Brooklyn, it rose 2.7 percent in Queens in Q3 2019 (Q1 FY2020) over Q3 2018 (Q1 FY2019).

While home prices are softening, rents are reaching 4-year highs, according to StreetEasy data. This is coupled with a reduction in the concessions landlords are offering renters. The conventional wisdom holds that as buyers wait for prices to soften further, they are willing to maintain their rentals, buoying demand and prices.

Wall Street profits, as measured by the pre-tax net income of the NYSE member firms, rose 9.7 percent to $22.6 billion in the first three quarters of 2019, the highest since the $49.7 billion generated in the first three quarters of 2009. Wall Street bonuses, a major contributor to City revenues through the income tax and a proxy for firms' profitability, are expected to grow next year.

Total venture capital investment in the New York metro area rose 10.0 percent to almost $13.0 billion in the first three quarters of 2019 according to PwC/CB MoneyTree, the highest on record. Total investment in the nation rose 6.6 percent to $82.3 billion. As a result, the share of the NY metro area's venture capital investment in the nation rose to 15.8 percent in the first three quarters of 2019 from 15.3 percent in the first three quarters of 2018.

## The Economic Outlook

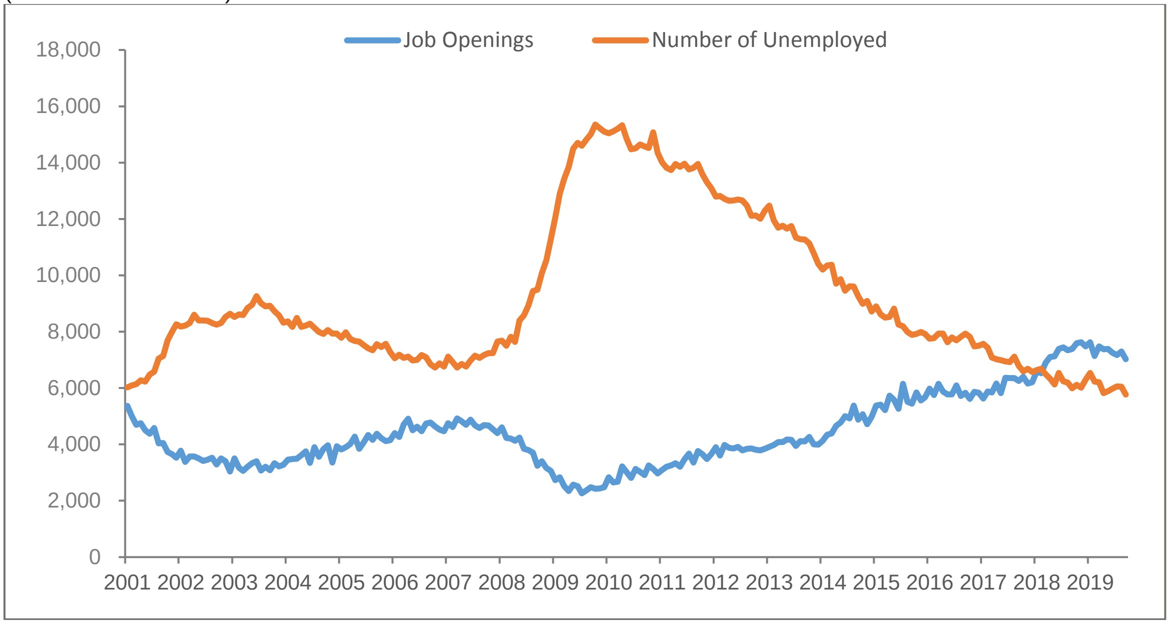
Economic growth is expected to continue, but at a more moderate pace, in both the City and the nation. Although recent economic data have been mixed, fears of a downturn in 2020 have receded.

The biggest risks to the economy continue to be the trade war with China and slowing global growth. On the other hand, consumer spending is strong, inflation continues to be low, and the Federal Reserve is expected to continue to provide accommodative monetary policy to maintain growth.

The labor market is tight but not yet overheated or showing signs of inflation. As of September, there were more job openings (over 7 million) in the U.S. than unemployed workers (about 5.8 million) to fill them (Chart 4), partially the result of the kind of structural unemployment that arises when workers' skills do not match the skills demanded by employers. The strong demand for workers and a diminishing labor supply should help wages to increase.

## *Chart 4. Monthly U.S. Job Openings vs. Unemployed January 2001 – September 2019*

(Numbers in thousands)




SOURCE: The U.S. Bureau of Labor Statistics

However, business investment is weak despite the significant tax cuts provided under the Tax Cuts and Jobs Act (TCJA). Weak business investment is believed to stem from to the uncertainties caused by the trade war.

To deal with the uncertainties created by trade tensions, businesses have postponed capital expenditure and instead have added more labor to increase output. If trade tensions were to escalate to the extent that businesses were to stop hiring, then the consumption-led growth could come to a halt.

Another risk to the economy is slowing global economic growth, which could hurt the U.S. economy through lowering the foreign demand for U.S. exports. According to the International Monetary Fund (IMF)[1], the global economy is expected to grow 3.0 percent in 2019, the slowest rate since the global financial crisis in 2009. Growth is expected to rise to 3.4 percent in 2020.

In short, continued U.S. economic growth depends largely on continued household consumption expenditure growth; any retraction in consumer spending would likely be the precipitating factor in a recession. For now, however, we continue to forecast continued moderate growth.

Table 4 provides summary projections for seven NYC and U.S. indicators from 2019 to 2023, comparing the Mayor's November forecast with the Comptroller's Office forecast.

[1] https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019

## Table 4. Selected Economic Indicators, Annual Averages Comptroller and Mayor's Forecasts, 2019 – 2023

| | | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **SELECTED U.S. ECONOMIC INDICATORS (ANNUAL AVERAGES)** | | | | | | |
| Real GDP, (2012 $, % Change) | Comptroller | 2.3 | 1.9 | 1.6 | 1.3 | 1.5 |
| | Mayor | 2.3 | 2.1 | 1.9 | 1.6 | 1.5 |
| Payroll Jobs, (Change In Millions) | Comptroller | 2.3 | 1.4 | 1.2 | 0.6 | 0.4 |
| | Mayor | 2.3 | 1.8 | 1.2 | 0.7 | 0.2 |
| Fed Funds Rate, (Percent) | Comptroller | 2.2 | 1.4 | 1.9 | 2.3 | 2.3 |
| | Mayor | 2.2 | 1.7 | 2.1 | 2.4 | 2.6 |
| 10-Year Treasury Notes, (Percent) | Comptroller | 2.1 | 1.9 | 2.5 | 2.9 | 3.0 |
| | Mayor | 2.1 | 2.1 | 2.7 | 3.1 | 3.3 |
| SELECTED NYC ECONOMIC INDICATORS (ANNUAL AVERAGES) | | | | | | |
| Real GCP (2012 $, % Change) | Comptroller | 2.9 | 2.1 | 1.9 | 1.5 | 1.2 |
| | Mayor | 1.4 | 1.2 | 0.8 | 0.8 | 0.6 |
| Payroll Jobs, (Change In Thousands) | Comptroller | 79.2 | 53.6 | 46.4 | 28.0 | 26.7 |
| | Mayor | 75.3 | 50.8 | 55.2 | 48.8 | 47.5 |
| Wage-Rate Growth, (Percent) | Comptroller | 3.2 | 2.7 | 2.5 | 1.8 | 1.7 |
| | Mayor | 2.5 | 2.7 | 2.6 | 2.8 | 2.6 |

SOURCE: Comptroller=forecast by the NYC Comptroller's Office. GCP=Gross City Product. Mayor= forecast by the NYC Office of Management and Budget in the November 2019 Financial Plan.

# III. The November 2019 Financial Plan

The November 2019 Financial Plan increased the adopted FY 2020 budget by $1.62 billion to $94.39 billion. Revisions to the Federal and State funded portion of the budget account for more than half of the increase. Together, the Federal and State funded portions of the budget are $935 million higher than adopted, with revision to Federal categorical grant estimates accounting for $785 million of the increase. (Federal and State aid are discussed in greater detail in "Federal and State Aid" beginning on page 22.)

The City-funds budget, which excludes State, Federal, Other Categorical and Inter-fund Agreement funding, totals $69.19 billion, an increase of $648 million from the Adopted Budget, as shown in Table 5. The higher City-funds revenues results from net increases of $482 million in non-property tax revenues and $166 million in non-tax revenues, $9 million of which was credited to the Citywide Savings Program (CSP). An upward revision of $93 million in speed camera fine revenues accounts for the bulk of the non-tax revenue increase, as discuss in "Miscellaneous Revenues" beginning on page 21.

## Table 5. Changes to FY 2020 City-Funds Estimates from the Adopted Budget

($ in millions)

| REVENUES | | EXPENDITURES | |
|---|---|---|---|
| Personal Income Tax Revenues | $249 | Agency Expenditures | $219 |
| Business Tax Revenues | 217 | Miscellaneous Budget | 63 |
| Sales Tax | 24 | Collective Bargaining Adjustment | 29 |
| Real Estate Transaction Tax | 9 | Pensions | 2 |
| All Other Taxes | (17) | Citywide Savings Program | (215) |
| **Subtotal** | **$482** | **Subtotal** | **$98** |
| Non-Tax Revenues | 157 | BSA | $550 |
| City Savings Program | 9 | | |
| **Total** | **$648** | **Total** | **$648** |

The increase in City-funds expenditures is driven primarily by the establishment of the FY 2020 Budget Stabilization Account (BSA) to prepay $550 million of FY 2021 Transitional Finance Authority (TFA) debt service, as shown in Table 5. Excluding the BSA, FY 2020 City-funds expenditures are $98 million more than the Adopted Budget. This net increase in City-funds spending reflects an upward revision of $313 million in City-funds spending that is partially offset by a $215 million reduction in spending from the CSP.

Funding for new needs associated with criminal justice reform, a change in indirect cost reimbursement to health and human service providers, and salary parity between teachers in the City's contracted early childhood program and Department of Education (DOE) along with an increase in the tax equivalency payments (TEP) to Hudson Yards Infrastructure Corporation (HYIC) account for almost two-thirds of the $313 million increase.

In April 2019, the State Legislature passed sweeping criminal justice reforms that will go into effect on January 1, 2020. Among the reforms are the elimination of bail for most defendants charged with misdemeanor or non-violent crimes and changes to discovery law. The City has added $75 million to the FY 2020 budget to comply with these changes, accounting for $65 million and $10 million of the increase in agency expenditures and miscellaneous budget, respectively. In addition, the November Plan also adds another $17 million in FY 2020 in the miscellaneous budget to fund the expansion of supervised release. Criminal justice reforms are discussed in greater detail in "Criminal Justice Reforms" beginning on page 31.

In March 2019 the City released “The City of New York Health and Human Services Cost Policies and Procedures Manual” which revised the reimbursement rate for indirect costs for service providers. The manual allows providers to claim more than the City “de minimus indirect rate” of 10 percent if they have a higher federally-negotiated indirect cost rate (NICRA), or a letter from a certified public accountant verifying that the provider calculated the higher indirect cost rate in accordance with the cost manual. The City has added $53 million annually in the November Plan to fund the anticipated increase in reimbursement, with $50 million of the allocation among various agencies and the remaining $3 million added to the miscellaneous budget.

Over the past few months, both Local 205, Day Care Employees, and Local 95, Head Start Employees, reached labor agreements that provide salary increases that will achieve starting teacher salary parity between certified early childhood education teachers represented by both unions working for City-contracted providers, and DOE teachers, by October 2021. The November Plan adds $29.3 million in FY 2020, $26.4 million in FY 2021, $54.6 million in FY 2022, and $56.6 million in FY 2023 in the labor reserve to fully fund these increases for all City-contracted providers.

Finally the City has increased the projected TEPs to HYIC by $27 million in each year of the Plan, bringing the projected TEP to $156 million annually over the Plan period. TEPs to the HYIC are primarily supported by property tax generated by hotel and residential developments within the HYIC development area.

## The Outyears of the Plan

In the outyears of the Plan, expenditure increases are projected to outpace revenue growth by more than 1 percentage point annually, with average annual expenditures increase of 2.98 percent compared to average annual revenue growth of 1.8 percent. As a result, budget gaps persist in the outyears beginning at $3.02 billion in FY 2021 and creeping up to $3.2 billion by 2023. As a percent of projected spending, the gaps remain relatively constant at about 3 percent of expenditures.

The City’s tax revenue projections for the outyears remain unchanged from the Adopted Budget. Non-tax City-funds revenues are revised upwards by $77 million in FY 2021, $115 million in FY 2022, and $139 million in FY 2023. Similar to FY 2020, the increase in non-tax City-funds revenues in the outyears stems primarily from revisions to speed camera fines which are increased by $114 million in FY 2021, $117 million in FY 2022, and $121 million in FY 2023.

City-funds expenditures in the outyears, net of the impact of prepayments, are $386 million, $422 million, and $424 million above the June Plan in FY 2021 through FY 2023, respectively. Just as in FY 2020, the outyear increases are driven primarily by funding for criminal justice reforms, indirect cost reimbursements, early childhood teacher salary parity, and increases in TEPs, which together account for approximate 60 percent of the increase in each of the outyears. These increases are partially offset by outyear spending reductions of $248 million in FY 2021, $197 million in FY 2022, and $173 million in FY 2023 from the Citywide Savings Program. The phase-in of the gains in FY 2019 pension investment return above the actuarial interest rate assumption (AIRA) further offset the spending increases by $18 million in FY 2021, $36 million in FY 2022, and $54 million in FY 2023.

The planned prepayment of FY 2021 TFA debt service reduces debt service by $550 million. As a result, FY 2021 City-funds expenditures show a net decrease of $429 million, which together with $77 million in additional City-funds revenues reduces the projected $3.521 billion gap in June to $3.015 billion. Without the benefit of prepayments, the FY 2022 and FY 2023 gaps have increased modestly by $72 million and $56 million to $2.951 billion and $3.197 billion, respectively.

## Citywide Savings Program (CSP)

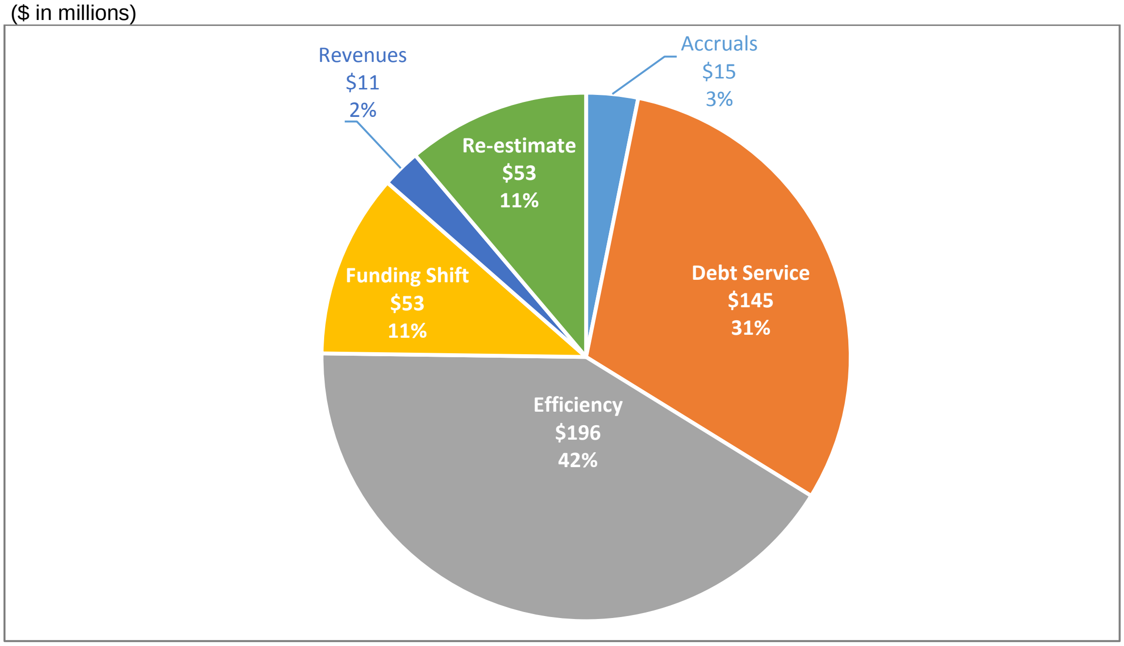
The November Plan Citywide Savings Program totals $844 million over the four years of the Financial Plan period, with savings of $224 million in FY 2020, $249 million in FY 2021, $197 million in FY 2022, and $173 million in FY 2023. Efficiency initiatives account for more than half the savings over the Plan period, with the largest savings arising from the closing of two Department of Correction (DOC) jails, the Eric M. Taylor Center (EMTC) on Rikers Island and the Brooklyn Detention Center (BKDC), which together are projected to reduce DOC spending by $22 million in FY 2020 and $70 million annually beginning FY 2021. The savings are primarily from a reduction of 840 correction officers through attrition. In addition to the reduction in DOC spending, the attrition of the 840 correction officers is expected to generate fringe benefit savings in the miscellaneous budget of $7 million in FY 2020 and between $19 million and $21 million annually in the outyears.

Two other notable efficiencies initiatives are in the Department of Education (DOE). The DOE will further centralize procurement practices, which is projected to generate savings of $10 million annually. In addition, DOE is offering an Absent Teacher Reserve (ATR) severance program to encourage teachers in the ATR to leave the City payroll. The severance program is estimated to produce savings of approximately $11 million in FY 2020 and $30 million annually in FY 2021 and beyond.

In the first two years of the Plan, efficiency initiatives account for 42 percent of the savings, smaller than the 57 percent share over the Plan period, as shown in Chart 5. This is because non-recurring savings from other initiatives account for 20 percent of the combined savings in the first two years of the Plan. Since these non-recurring savings do not extend into the outyears of the Plan, recurring savings from efficiency initiatives account for a larger share of total CSP savings as it declines in the outyears.

### *Chart 5. Combined FY 2020 and FY 2021 Citywide Savings Program*

($ in millions)




## Risks and Offsets

As Table 6 shows, the Comptroller's Office analysis of the November Plan shows net additional resources in each year of the Plan, ranging from a low of $118 million in FY 2020 to a high of

$526 million in FY 2021. The additional resources are driven by the Comptroller's Office's tax revenue forecast, which is higher than the City's projections in each year of the Plan, beginning at $454 million in FY 2020 and growing to $1.24 billion by FY 2023. (See "Comptroller's Projections" beginning on page 16 for a more detailed discussion of the Comptroller's Office's forecast.)

## Table 6. Risks and Offsets to the November 2019 Financial Plan

($ in millions, positive numbers decrease the gap and negative numbers increase the gap)

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| **City Stated Gap** | $0 | ($3,015) | ($2,951) | ($3,197) |
| | | | | |
| **Tax Revenues** | | | | |
| Property Tax | $200 | $387 | $735 | $1,085 |
| Personal Income Tax | 154 | 272 | 143 | 63 |
| Business Taxes | 56 | 153 | 191 | 206 |
| Sales Tax | 35 | 14 | (81) | (188) |
| Real Estate Transaction Taxes | 9 | 16 | (27) | (78) |
| Audit | 0 | 154 | 154 | 154 |
| **Total Tax Revenues** | **$454** | **$996** | **$1,115** | **$1,242** |
| | | | | |
| **Expenditures** | | | | |
| Overtime | ($241) | ($150) | ($150) | ($150) |
| Charter School Tuition | 0 | (150) | (334) | (562) |
| Homeless Shelters | (100) | (100) | (100) | (100) |
| Pupil Transportation | (75) | (75) | (75) | (75) |
| Fair Fares | 70 | (50) | (50) | (50) |
| DOE Medicaid Reimbursement | (20) | (20) | (20) | (20) |
| VRDB Interest Savings | 30 | 75 | 75 | 75 |
| **Total Expenditures** | **($336)** | **($470)** | **($654)** | **($882)** |
| | | | | |
| **Total (Risks)/Offsets** | **$118** | **$526** | **$461** | **$360** |
| | | | | |
| **Restated (Gap)/Surplus** | **$118** | **($2,489)** | **($2,490)** | **($2,837)** |

Risks to the City's expenditure estimates offset some of the gains from the higher revenue forecast. These risks stem primarily from assumptions of overtime spending and shortfalls in funding for charter school tuition, homeless shelters, and pupil transportation.

Based on current year spending trends, the Comptroller's Office expects overtime spending to exceed the Plan by $241 million in FY 2020, and $150 million in each of the outyears of the Plan. Almost two-thirds of the higher estimate is in civilian overtime which had been increasing at an average rate of 8.8 percent since FY 2014.

While the State has approved an increased charter tuition rate, the DOE budget still has not funded this increase in the outyears of the Plan. Unless the State provides additional reimbursement for charter school tuition in futures years, the DOE faces a risk of $150 million in FY 2021, $334 million in FY 2022, and $562 million in FY 2023.

Spending on single adult shelter operations in the November Plan is scheduled to drop by more than $100 million to $651 million and remain fairly flat at about $644 million in the outyears. In the absence of any indication that single adult shelter population will decline, the Comptroller's Office projects risks of $100 million in single adult shelter operations spending in each year of the Plan.

Furthermore, pupil transportation cost projections in DOE are significantly below the FY 2019 spending level. Funding for school bus services have been covered by emergency extensions in the previous year due to expired contracts. It is likely that spending will continue at this level. As such, the City could face risks of $75 million annually for school bus expenditures over the Plan period.

The risks to FY 2020 expenditures are partially offset by the City's funding for the Fair Fare program, an initiative to provide reduced transit fare to eligible low-income City residents. Spending on the program through the first five months of the current fiscal year indicates that the City is on track to spend $30 million for the year, significantly below the $106 million budgeted for the current year. The Comptroller's Office estimates that spending for the program will be about $70 million below budget. However, there is no funding for the program in the outyears of the Plan. The Comptroller's Office estimate that with a pick-up in participation, the program could cost $50 million annually in the outyears.

The City's conservative estimates of interest rates on variable rate debt bonds (VRDB) provide additional offsets to the Comptroller's Office's expenditure risks. In an environment of low variable interest rates and no indication of a spike over the Plan period thus far, the Comptroller's Office estimates that debt service on VRDB could be less than the Plan projections by $30 million in FY 2020 and $75 annually in the outyears.

Overall, the Comptroller's Office's analysis of the Plan indicates that the City could end FY 2020 with a budget surplus of $118 million. In the outyears, the Comptroller's Office's analysis shows smaller gaps of $2.49 billion in both FY 2021 and FY 2022, and $2.84 billion in FY 2023.

## Revenue Analysis

The City estimates that total revenues will grow by $5.1 billion over the forecast period, from $94.39 billion in FY 2020 to $99.51 billion in FY 2023. City-funds revenues are projected to grow from $69.19 billion in FY 2020 to $74.31 billion in FY 2023. These projections reflect the City's assumption of moderate and slowing growth in the local and national economies over the four-year Financial Plan.

Tax revenues are projected to grow by 3.9 percent in FY 2020, about the same rate as the previous year. Growth is expected to be driven primarily by property tax revenues, which are projected to rise by 6.8 percent, while non-property tax revenue is expected to increase only moderately, by 1.5 percent. The near-term strength in property taxes is expected to decline over the forecast period as the effects of strong phase-ins in assessments that occurred in 2013-2018 begin to dissipate. As a result, overall tax revenues are expected to increase by only 3.1 percent on average from FY 2021 through FY 2023.

Miscellaneous (non-tax) revenues, excluding intra-City revenues, are projected to decline 10 percent in FY 2020, to $5.3 billion. This projection reflects the City's anticipation of lower non-recurring revenues in the current fiscal year, such as proceeds from City asset sales and refunds and restitutions, which boosted FY 2019 miscellaneous receipts. The City projects miscellaneous revenues will decline slightly in FY 2021 to $5.2 billion and remain at this level through FY 2023.

The November Plan reflects $23.5 billion of Federal and State aid for FY 2020, representing nearly 25 percent of the City's overall revenue projections. Over the outyears of the Plan, Federal and State grants are projected to decline to $22.87 billion in FY 2021 and recover over the remainder of the Plan to reach $23.67 billion by FY 2023. The City assumes Federal support would fall from $8.01 billion in FY 2020 to a range of $6.96 billion – $7.08 billion in each of FY 2021 – 2023, mainly due to declining Sandy-related reimbursements and the inclusion of rollover Federal funds in the current fiscal year. Meanwhile, State aid is projected to grow from $15.49 billion in FY 2020 to $16.71 billion by FY 2023, driven primarily by the City's rising school aid assumptions

## Tax Revenues: Revisions since the June 2019 Adopted Budget

The City revised non-property tax revenue upwards by $482 million in the current fiscal year compared to the June Plan, to reflect stronger than projected collections through October. Fiscal year 2019 ended on a stronger note than anticipated in June, hence some of the strength is simply a carry-over from the previous year. The City did not, however, baseline any of the higher near-term growth to the outyears, leaving the revenue forecast for the remainder of the Plan period unchanged. The largest upward revision of $249 million was in the personal income tax, due mainly to the non-withholding component of PIT and, in particular, offset payments from the State that reconcile estimated payments with final payments.[2] General corporation tax revenue was increased by $322 million, while unincorporated business tax revenue was revised downwards by $105 million, (a lingering result of the Federal tax changes favoring corporations over individuals), leaving overall business taxes up by $217 million compared to June. Smaller revisions occurred in the remaining taxes as shown below.

### Table 7. Revisions to the City's Tax Revenue Assumptions June 2019 vs. November 2019

| ($ in millions) | FY 2020 |
|---|---|
| **June 2019 Total** | **$63,421** |
| Revisions: | |
| Personal Income (PIT) | $249 |
| Business | 217 |
| Sales | 24 |
| Real-Estate Transactions | 9 |
| All Other | (17) |
| Total | $482 |
| | |
| **November 2019 Financial Plan - Total** | **$63,903** |

## Comptroller's Projections

The Comptroller's revised forecast also reflects higher than previously anticipated collections, mainly in the personal income and business taxes, since the June Adopted Budget.[3] Similar to the City, the projections for tax revenue are predicated on continuing but slowing growth in the local and national economies. In the near term, in FY 2020 – FY 2021, the Comptroller anticipates somewhat greater strength across all taxes with growth in overall tax revenue exceeding the City's projections by about 1 percentage point. In the outyears, FY 2022 – FY 2023, the main difference is the forecast for the property tax. Both the Comptroller and the City show growth slowing, but some of the higher near-term strength projected by the Comptroller is carried over into the outyears due to the phase-in of assessments.

[2] We have previously suggested that the State revise its methodology for apportioning estimated payments to the City, so that the City can receive timely payments of PIT revenue. Filers should also be required to state on the form if they are City residents.

[3] Like the City, the forecast for the real property tax remains unchanged until the new tentative assessment roll for FY 2021 is released in January.

## Table 8. Tax Revenue Forecast, Growth Rates

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FYs 2020 – 2023 Average Annual Growth |
|---|---|---|---|---|---|
| **Property Tax** | | | | | |
| Mayor | 6.8% | 4.4% | 4.0% | 3.0% | 3.8% |
| Comptroller | 7.5% | 5.0% | 5.0% | 4.0% | 4.7% |
| **Personal Income Tax** | | | | | |
| Mayor | 2.0% | (1.4%) | 3.2% | 3.2% | 1.6% |
| Comptroller | 3.2% | (0.5%) | 2.2% | 2.6% | 1.4% |
| **Business Income Taxes** | | | | | |
| Mayor | (2.4%) | (1.0%) | 2.0% | 1.4% | 0.8% |
| Comptroller | (1.5%) | 0.6% | 2.6% | 1.6% | 1.6% |
| **Sales Taxes** | | | | | |
| Mayor | 6.2% | 3.2% | 3.5% | 3.2% | 3.3% |
| Comptroller | 6.6% | 2.9% | 2.4% | 2.0% | 2.4% |
| **Real Estate Transactions** | | | | | |
| Mayor | (7.2%) | 0.8% | 2.5% | 2.6% | 2.0% |
| Comptroller | (6.9%) | 1.1% | 0.8% | 0.6% | 0.8% |
| **All Other Taxes** | | | | | |
| Mayor | (3.1%) | 2.1% | 2.2% | 2.1% | 2.1% |
| Comptroller | (3.1%) | 2.1% | 2.2% | 2.1% | 2.1% |
| **Audits** | | | | | |
| Mayor | 22.2% | (27.8%) | 0.0% | 0.0% | (10.3%) |
| Comptroller | 22.2% | (12.4%) | 0.0% | 0.0% | (4.3%) |
| **Total Taxes with Audits** | | | | | |
| **Mayor** | 3.9% | 1.7% | 3.4% | 2.8% | 2.7% |
| **Comptroller** | 4.7% | 2.6% | 3.5% | 3.0% | 3.0% |

Overall throughout the Plan Period the Comptroller projects higher revenues compared to the City, The difference, initially at $454 million in FY 2020, grows to over $1.2 billion by the end of the Plan.

## Table 9. Comptroller's Office Risks and Offsets to the City's Tax Revenue Projections

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| Property | $200 | $387 | $735 | $1,085 |
| PIT | 154 | 272 | 143 | 63 |
| Business | 56 | 153 | 191 | 206 |
| Sales | 35 | 14 | (81) | (188) |
| Real Estate Transaction | 9 | 16 | (27) | (78) |
| Audit | 0 | 154 | 154 | 154 |
| **Total** | **$454** | **$996** | **$1,115** | **$1,242** |

## Property Taxes

The Comptroller's forecast for the City's largest revenue source shows slowing but continued growth throughout the Plan period. Property tax revenue is estimated to grow on average by 4.7 percent annually from FY 2020 to FY 2023. This compares to recent growth of 7.0 percent in FY 2018, 5.6 percent in FY 2019, and projected growth of 7.5 percent in FY 2020, based on the final roll released in May 2019.

The slowdown is attributable to a complex mix of changes in forecast increases in assessed values, the phase-in of assessed value increases that have already occurred, and conservative estimates for the construction of new commercial and residential property going forward.

Conditions in the commercial office market are also somewhat mixed. Class A rents have recently experienced an uptick following last year's small decline. The increase is largely due to a favorable mix of higher quality new space being leased, however, rather than a reflection of significant strength in underlying demand.

The City projects even slower growth for the real property tax over the Plan period, stemming primarily from a difference in the forecast for reserves. The City's projections show reserves jumping to almost 7 percent of the levy in FY 2020 – FY 2023 from 6.1 percent last year. Assuming a more steady reserve-to-levy ratio results in a forecast for reserves that is likely to be $200 million to $300 million lower than the City's estimate. The combined effect of lower reserves and slightly higher assumptions on property tax growth results in property tax revenue exceeding the City's projections by $1.1 billion by the end of the Plan period.

## Personal Income Taxes

Following three years in which patterns in the City's personal income tax (PIT) collections were distorted by the effects of the 2017 federal Tax Cuts and Jobs Act (TCJA), FYs 2020-2023 should finally represent more typical years where collection patterns are largely driven by the underlying growth in the economy.

The forecast for the withholding component of PIT closely mirrors the projections for overall growth in wages and salary disbursements (employment times average wage). The Comptroller's Office anticipates continued growth in local employment and average wages throughout the Plan period, but at a slowing rate given the current stage of the business cycle. Growth in overall wages and salary disbursements slows from about 4.4 percent in FY 2020 to 2.3 percent in FY 2023. In spite of increased profitability, Wall Street firms continue to keep a tight control on local hiring and wages, so bonuses are also expected to be only moderately higher throughout the Plan. Over the Plan period, growth in withholding is expected to average 3.6 percent annually, slightly lower than the City's projection of 4.0 percent growth.

The non-withholding component of PIT is closely associated with capital gains realizations. Preliminary data suggests that capital gains realizations likely surged to a record high in FY 2018 due both to the large run-up in the stock market and the shifting of income into tax year 2017 that occurred as a result of the SALT limitation enacted in the TCJA. The stock market (measured by the S&P 500) jumped by 26 percent in the 13-month period from President Trump's election in November 2016, when the possibility of deep tax cuts to corporations became likely, to January 2018, immediately following the enactment of the TCJA. Since then the market has managed only more moderate gains of 11 percent through November 2019, and non-withholding revenue declined by 7.5 percent in FY 2019. This is still high when compared to the FY 2015-2017 period before FY 2018's surge.

This moderate downward adjustment in non-withholding revenue from the recent peak is likely to continue for several reasons: even if the stock market were to experience a boost following the resolution of the trade impasse with China, we do not expect the same surge and one-time effects related to the TCJA that resulted in 2018's record for non-withholding revenue; the weakness in New York City's luxury residential market and commercial office and retail markets will keep capital gains from real estate sales contained;[4] the effects of the newly enacted opportunity zones which allow investors to defer and reduce capital gains could also have an adverse impact on non-withholding revenues; and the considerable policy and political uncertainty ahead of the 2020 elections.

The Comptroller's Office forecasts a decline of about 17 percent from the 2018 peak for this volatile component of PIT. This compares to the City's estimate of a 26 percent decline. This accounts for most of the difference in the two forecasts for PIT revenue shown in Table 9.

### Business Taxes

Revenues from overall business taxes (General Corporation (GCT), Unincorporated Business (UBT), and Banking Corporation (BCT)) rose sharply by almost 11 percent in 2019, exceeding the City's and the Comptroller's Office's already-high expectations. The 23 percent surge in GCT that drove this result was most likely related to the effects and shifting of income that occurred following the federal corporate rate cut enacted as part of the TCJA. As the one-time effects of the TCJA dissipate, the questions now are what level will collections settle to, and how much of this occurs in FY 2020 and how much is deferred to FY 2021 by extension filers.

The Comptroller's forecast anticipates an overall decline in business taxes of 4.0 percent this year followed by another decline of 5.0 percent in FY 2021. Thereafter growth resumes at a moderate pace in line with the forecast of the overall economy. The City assumes both a somewhat larger overall decline from 2018's level and a different pattern, with a larger drop occurring this year. The Comptroller's forecast is higher throughout the Plan as summarized in Table 9.

### Sales Taxes

After increasing by 4.9 percent in FY 2019, the City expects sales tax revenues to grow by 6.2 percent in FY 2020 to $8.29 billion. Sales tax collections through the first 4 months of the fiscal year were running 8.0 percent above FY 2019 collections. A solid job market and earnings growth, and a robust tourist sector have all contributed to support strong growth in sales tax revenues. In addition, the end of the State-mandated STARC intercepts which reduced City sales tax revenue by a combined $600 million in FYs 2016 – 2019 have also contributed to the growth in sales tax revenue in FY 2020. The Plan assumes average growth in sales tax revenues will slow to 3.3 percent annually in FY 2021 – FY 2023.

The Comptroller's Office expects moderate growth in NYC wages and employment will continue to support personal consumption in 2019 through 2023. For FY 2020, the Comptroller forecasts sales tax collection growth of 6.6 percent, slightly higher than the City's 6.2 percent projection, resulting in a small offset of $35 million.

In the outyears, both OMB and the Comptroller's Office anticipate growth in sales tax collections to abate to a more modest pace, consistent with the underlying assumption of slower economic growth over the financial plan period. The Comptroller's Office projects sales tax revenue growth to average 2.2 percent annually in FY 2021 – FY 2023, compared to a 3.3 percent average reflected in the Financial Plan over the same period. However, due to the Comptroller's higher forecast for FY 2020, the Comptroller's Office's FY 2021 sales tax revenue projection is $14 million

[4] We do not have data to determine the degree to which these gains were previously offset by the use of 1031 exchanges, although federal data indicates moderate gains from real estate assets.

higher than OMB's. In FY 2022 – FY 2023 the Comptroller's Office forecasts sales tax revenues to be below OMB's projection by about $81 million and $188 million respectively.

Both the Comptroller's and the City's forecasts reflect the April 12, 2019 legislation which requires online marketplace providers to collect sales tax on sales of tangible goods to NYS residents regardless of vendor location. Simultaneously the State also enacted legislation to intercept this increased sales tax revenue to fund the MTA, so there is no net effect on City sales tax revenue from this expanded base.

### Real Estate Transaction Taxes

The Comptroller's Office projects a decline of 6.9 percent in the combined revenues from real estate transaction taxes in FY 2020 (the real property transfer tax and mortgage recording tax) to $2.46 billion, which is still approximately $9 million above the City's latest forecast of $2.45 billion. In the outyears, the Comptroller's Office projects an offset of $16 million in FY 2021, followed by risks of $27 million in FY 2022 and $78 million in FY 2023. Although the timing of the expected real estate transaction tax revenues will differ, both the City and the Comptroller's Office forecast real estate transaction taxes to average 0.8 percent growth annually over the forecast period. Continued growth in NYC wages and employment are expected to support growth in both the commercial and residential real estate markets, with expected increases in interest rates in later years of the Plan period having a moderating effect.

There are potential risks to the forecast of real estate transaction taxes. Residential sales including 1- to 3-family homes, coops, and condos priced under $2 million, have shown declines recently which might be the result of the loss of state and local tax (SALT) deductions and lowered limits for interest deductions on residential mortgages in the Federal tax code. As a result of this downward trend, the FY 2020 forecast for real estate transaction tax is below the FY 2019 level. However, it is yet to be seen whether the decline will continue or is merely the result of a short-term reaction to these tax changes. Moreover, we do not have enough evidence yet on the potential impact of the supplemental tax on the sales of residential real properties priced above $2 million (the "mansion tax") to determine whether this is a short-term reaction or a permanent loss of value and demand for these assets. There was a rush to purchase luxury condos in the fourth quarter of FY 2019, before the tax took effect, which, in total, exceeded $5.5 billion in sales. It is possible that this segment of the market will see slow growth in the near term if buyers shifted their planned purchases before the tax went into effect. Finally, sales of residential rental buildings may be impacted by changes in rent control laws that limit owners' ability to raise rents.

## Table 10. Real Estate Transaction Tax Revenue Forecast

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| **City** | | | | |
| RPTT | $1,456 | $1,504 | $1,544 | $1,586 |
| MRT | 997 | 968 | 991 | 1,014 |
| **Total** | **$2,453** | **$2,472** | **$2,535** | **$2,600** |
| **Comptroller** | | | | |
| RPTT | $1,387 | $1,402 | $1,413 | $1,421 |
| MRT | 1,075 | 1,086 | 1,095 | 1,101 |
| **Total** | **$2,462** | **$2,488** | **$2,508** | **$2,522** |
| **Offsets/Risks** | | | | |
| RPTT | ($69) | ($102) | ($131) | ($165) |
| MRT | 78 | 118 | 104 | 87 |
| **Total** | **$9** | **$16** | **($27)** | **($78)** |

### Audits

After two years in which collections surpassed $1 billion, audit revenue dropped in 2019 to just over $800 million. This decline likely reflected an adjustment from intensified efforts in 2018, when audit revenue surged to over $1.3 billion. The City projects audit revenue to increase to almost $1 billion this year and then drop to $721 million in fiscal years 2021-2023. This pattern of below trend audit revenue in the outyears is unlikely to occur. As a result, the Comptroller's Office projects audit revenue collections to be $154 million higher compared to the City in each of the outyears.

## Miscellaneous Revenues

In the November Plan, the City raised its FY 2020 miscellaneous revenue projection by $166 million to $5.3 billion. The current forecast is 10 percent lower than the $5.9 billion realized in FY 2019. The decline is mostly due to lower non-recurring revenues reflected in the current year. Table 11 shows the changes in the FY 2020 miscellaneous revenue projections since the June 2019 Plan.

**Table 11 Changes in FY 2020 Estimates**
**June 2019 vs. November 2019**

| ($ in millions) | June | November | Change |
|---|---|---|---|
| Licenses, Franchises, Etc. | $758 | $760 | $2 |
| Interest Income | 235 | 155 | ($80) |
| Charges for Services | 1,018 | 1,056 | 38 |
| Water and Sewer Charges | 1,516 | 1,537 | 21 |
| Rental Income | 254 | 256 | 2 |
| Fines and Forfeitures | 1,016 | 1,135 | 119 |
| Other Miscellaneous | 340 | 404 | 64 |
| **Total** | **$5,137** | **$5,303** | **$166** |

*Water and sewer revenues collected by the Water Board from dedicated water and sewer charges represent reimbursements for operation and maintenance of the water delivery and sewer systems and therefore are not available for general operating purposes.

The largest revision, $119 million in additional fine revenues, reflects mainly a $93 million increase in revenues from speed camera fines resulting from the rollout of the State legislation that expanded the City's school zone speed camera program from 140 to 750 school zones. The revision includes both projected revenues from an additional 300 cameras already installed and revenues resulting from the expansion of the hours of operation. The City also recognizes additional speed camera revenues in the outyears of the Plan period totaling $352 million. Projections for Environmental Control Board (ECB) fine revenues increased by $26 million in FY 2020.

Projected interest income decreased by $80 million mostly due to recent cuts in short-term interest rates. Charges for services increased by $38 million, including an expected $22.5 million in additional revenues from Affordable NY Housing Program fees and the expired 421-A Tax Incentive Program. The forecast for parking meter revenues increased by $14.5 million annually over the Plan period. Revision to the category "Other Miscellaneous", which includes asset sales and other non-recurring revenues totaled $64 million in FY2020, including $45 million in additional asset sales, $7.4 million in one-time settlement payments and $7.7 million in revenues from an increase in rent stabilization fees.

Changes to the outyear forecasts total $419 million in FY 2021 through FY 2023. Miscellaneous revenues are projected to decline slightly by 2.5 percent in FY 2021 and remain stable at $5.2 billion annually through FY 2023.

## Federal and State Aid

The November Plan projects Federal and State aid totaling $23.5 billion for FY 2020, an increase of $935 million over the Adopted Budget. Federal and State grants support nearly 25 percent of total spending in the FY 2020 budget, with 80 percent of the funding concentrated in education and social services.

In the November Modification, about 84 percent, or $785 million of the increased grants reflected in FY 2020 are attributable to Federal aid revisions. The vast majority of the Federal aid increase stems from rollover of unspent grants from prior years and timing of certain Federal receipts. The rollover of Federal funds is a technical procedure that typically occurs in the first quarter budget modification of each fiscal year. A significant portion of this increase, about $310 million, appears under CDBG funds that includes revised timing of NYC Housing Authority allocations ($185 million) and the rollover of funding earmarked for DOE accessibility and code violations projects ($105 million). The City also reflects Hurricane Sandy-related reimbursements totaling about $157 million in the current year, including the recognition of $131 million in CDBG-Disaster Recovery funding. In addition, the City has rolled forward about $151 million in prior-year homeland security grants into FY 2020. The remainder of the increased Federal support is scattered across various areas, most notably $62 million for social services and youth and community development, $22 million for housing and $20 million for transportation. The November Plan has also increased the State revenue forecast by $150 million to a total of $15.5 billion in FY 2020. The largest components of the increase include $51 million in asset forfeiture revenue; $27 million for health and mental hygiene and $18 million in social services.

Over the outyears, the November Plan reflects additional Federal and State aid of $90 million in FY 2021 before more modest increases of $69 million and $19 million in FY 2022 and FY 2023, respectively. The projections show Federal and State aid falling to $22.9 billion in FY 2021, mainly due to the winding down of Hurricane Sandy-related reimbursement in the outyears and the effect of the rollover of Federal funds on the FY 2020 projection. Federal and State grants are expected to recover to $23.2 billion in FY 2022 before reaching $23.7 billion in FY 2023, mainly reflecting the City's assumption of State education aid growth in the outyears of the Plan. Over the financial plan, the City anticipates average annual growth of 5.2 percent in Foundation Aid, from $8.1 billion in FY 2020 to $9.4 billion in FY 2023. Federal and State support of the overall expense budget are expected to average about 23 percent across FY 2021 – FY 2023.

### State Budget

In January, the Governor will present a budget for State fiscal year (SFY) 2020 – 2021. In recent years, New York City has experienced unanticipated cost shifts and aid reductions in the State's enacted budget, totaling roughly $530 million in the City's FY 2019 budget and about $300 million in the City's FY 2020 budget.

As of the most recent update in late November, New York State faces a gap of $6.1 billion in SFY 2020 – SFY 2021. At this point in the year, the State has not faced a larger gap since the aftermath of the Great Recession in 2010. One year ago, the projected budget gap for the upcoming year was a more manageable $3.1 billion.

The State estimates that Medicaid spending is on track to exceed its Global Cap in the current year by $4 billion. The higher level of spending is partially due to a $1.7 billion deferral in Medicaid payments that occurred during the final days of SFY 2018 – SFY 2019. To address the Medicaid imbalance, the State has indicated that it will permanently restructure the timing of $2.2 billion in payments, as well as adopt cost control measures that can be executed administratively, such as across-the-board rate reductions to providers and health plans and reductions in discretionary payments. The State's financial plan assumes that savings measures will generate $1.8 billion in SFY 2019 – SFY 2020 and $890 million in each subsequent year. The specifics of the savings plan will not be unveiled until January when the Governor presents the SFY 2020 – SFY 2021 Executive Budget.

The developing current-year Medicaid imbalance is of particular concern this year following the adoption of a new provision in the 2019-20 state budget that allows certain local aid payments to be uniformly reduced by up to 1 percent in the event of a "reasonably anticipated" $500 million imbalance in the general fund at the end of the year. Certain aid categories, including public assistance, debt service, and legal or federal obligations, would be exempted, and the legislature would have 30 days to propose an alternative plan.

The adopted SFY 2019 – SFY 2020 State budget also extended executive authority to reduce spending if Federal Medicaid revenues are cut by $850 million, or if non-Medicaid Federal revenues are cut by $850 million in SFY 2020 and SFY 2021. The Legislature would have 90 days to propose and adopt an alternative plan.

## Expenditures Analysis

Total-funds FY 2020 expenditures in the November Financial Plan are projected to increase by $1.96 billion, or 2.1 percent, from FY 2019. However, both the FY 2019 and FY 2020 expenditures include prepayments which lower debt service expenditures in these fiscal years. In addition, expenditures in FY 2019 are further reduced by the take-down of the general reserve and the re-estimates of prior-year accruals. After adjusting for prepayments, and excluding re-estimates of prior-year accruals and reserves, expenditures are projected to grow by 3.3 percent, from $93.6 billion in FY 2019 to $96.67 billion in 2020, as shown in Table 12.

This growth is driven primarily by increases in expenditures for salaries and wages, debt service, health insurance and contractual services, which together account for $2.54 billion of the $3.07 billion increase. Of these, health insurance is projected to grow at the fastest rate, increasing by $714 million, reflecting increases in both premium rates and headcount.

### Table 12. FY 2020 – FY 2023 Expenditure Growth Adjusted for Prepayments and Prior-Year Actions

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Growth FYs 20 – 23 | Annual Growth |
|---|---|---|---|---|---|---|
| Salaries and Wages | $29,639 | $30,446 | $30,307 | $31,189 | 5.2% | 1.7% |
| Debt Service | 7,117 | 7,512 | 8,173 | 8,942 | 25.6% | 7.9% |
| Health Insurance | 7,042 | 7,464 | 8,022 | 8,602 | 22.2% | 6.9% |
| Other Fringe Benefits | 4,265 | 4,295 | 4,410 | 4,532 | 6.3% | 2.0% |
| **Subtotal** | **$48,063** | **$49,717** | **$50,912** | **$53,266** | **10.8%** | **3.5%** |
| | | | | | | |
| Pensions | $9,853 | $10,001 | $10,426 | $10,463 | 6.2% | 2.0% |
| Medicaid | 5,915 | 5,915 | 5,915 | 5,915 | 0.0% | 0.0% |
| Public Assistance | 1,651 | 1,651 | 1,651 | 1,650 | (0.1%) | (0.0%) |
| J & C | 712 | 727 | 742 | 758 | 6.5% | 2.1% |
| Contractual Services | 17,835 | 17,131 | 16,483 | 16,554 | (7.2%) | (2.5%) |
| Other OTPS | 12,636 | 11,767 | 12,749 | 12,852 | 1.7% | 0.6% |
| **Subtotal** | **$48,602** | **$47,192** | **$47,966** | **$48,192** | **(0.8%)** | **(0.3%)** |
| | | | | | | |
| **Expenditures Before Reserves and Prior-Year Re-estimates** | **$96,665** | **$96,909** | **$98,878** | **$101,458** | **5.0%** | **1.6%** |
| | | | | | | |
| **General Reserve** | **$1,150** | **$1,000** | **$1,000** | **$1,000** | | |
| **Capital Stabilization Reserve** | **$250** | **$250** | **$250** | **$250** | | |
| | | | | | | |
| **Total** | **$98,065** | **$98,159** | **$100,128** | **$102,708** | **4.7%** | **1.6%** |

NOTE: Numbers may not add due to rounding.

Over the Plan period, expenditures net of reserves and prior-year re-estimates are projected to grow by 5.0 percent, driven by spending on salaries and wages, debt service, health insurance, and other non-pension fringe benefits. The combined spending in these areas is projected to grow by 10.8 percent over the Plan period, averaging 3.5 percent annually. All other expenditures, net of the reserves and prior-year re-estimates, are projected to decline by 0.8 percent over the same period, with a projected annual average decline of 0.3 percent.

## Headcount

The November 2019 Headcount Plan projects significant increases in FY 2021 and FY 2022, with a very slight decline for FY 2023. Full-time headcount, as shown in Table 13, is projected to reach 306,685 by the end of FY 2020, 308,649 in FY 2021, and 311,339 in FY 2022, then fall slightly to 311,269 in FY 2023.

### Table 13. Total Funded Full-Time Year-End Headcount Projections November 2019 Financial Plan

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| **Pedagogical** | | | | |
| Dept. of Education | 122,004 | 123,968 | 126,711 | 126,711 |
| City University | 4,441 | 4,441 | 4,441 | 4,441 |
| **Subtotal** | **126,445** | **128,409** | **131,152** | **131,152** |
| **Uniformed** | | | | |
| Police | 36,201 | 36,201 | 36,201 | 36,201 |
| Fire | 10,952 | 10,951 | 10,951 | 10,951 |
| Correction | 8,949 | 8,949 | 8,790 | 8,790 |
| Sanitation | 7,842 | 7,805 | 7,805 | 7,805 |
| **Subtotal** | **63,944** | **63,906** | **63,747** | **63,747** |
| **Civilian** | | | | |
| Dept. of Education | 12,602 | 12,745 | 13,021 | 13,021 |
| City University | 1,946 | 1,946 | 1,946 | 1,946 |
| Police | 15,862 | 15,798 | 15,798 | 15,798 |
| Fire | 6,385 | 6,623 | 6,622 | 6,613 |
| Correction | 2,028 | 2,027 | 2,027 | 2,027 |
| Sanitation | 2,239 | 2,237 | 2,237 | 2,237 |
| Admin. for Children's Services | 7,167 | 7,424 | 7,424 | 7,424 |
| Social Services | 14,578 | 14,592 | 14,592 | 14,592 |
| Homeless Services | 2,383 | 2,226 | 2,127 | 2,127 |
| Health and Mental Hygiene | 5,761 | 5,774 | 5,774 | 5,767 |
| Finance | 2,146 | 2,146 | 2,146 | 2,146 |
| Transportation | 5,529 | 5,534 | 5,536 | 5,537 |
| Parks and Recreation | 4,483 | 4,415 | 4,417 | 4,417 |
| All Other Civilians | 33,187 | 32,847 | 32,773 | 32,718 |
| **Subtotal** | **116,296** | **116,334** | **116,440** | **116,370** |
| **Total** | **306,685** | **308,649** | **311,339** | **311,269** |

Compared to the June 2019 Plan, the November 2019 Headcount Plan shows a net increase in year-end headcount of 1,023 in FY 2020, 758 in FY 2021, 760 in FY 2022 and 750 in FY 2023, as shown in Table 14. Of the projected changes, new needs account for 1,315 positions in FY 2020, 1,358 in FY 2021, 1,360 in FY 2021 and 1,353 in FY 2023. Agencies projecting significant new needs for FY 2020 include

- The five District Attorneys, projecting new needs of a total of 708 positions for criminal justice reform,: 182 positions for New York County; 175 positions for Kings County; 168 positions for Queens County; 122 positions for Bronx County; and 61 positions for Richmond, at a total cost for the five District Attorneys of $24.9 million;
- The Police Department (NYPD), projecting new needs of 358 positions, for criminal justice reform, at a cost of $7.9 million and for Homeless Outreach Unit Engagement Teams, at a cost of $8.5 million;
- The Department of Health and Mental Hygiene (DOHMH), projecting new needs of 57 positions, for crisis prevention and response and for criminal justice reform at a total cost of $2.6 million;
- The Department of Transportation (DOT),projecting new needs of 50 positions, mainly for 48 positions for a Green Wave – Bike Safety Plan at a cost of $2 million;
- The Mayoralty, projecting new needs of 49 positions, mainly for an Office of Labor Relations Employee Assistance Program with the Department of Education at a cost of $1 million, and for the Office of Neighborhood Safety at a cost of $573,000; and
- The Fire Department (FDNY), projecting new needs of 29 positions, mainly for fire inspectors and trainers and for criminal justice reform, at a total cost for all new needs of $1.2 million.

## Table 14. Full-time Headcount Plan-to-Plan Comparison Adopted 2020 Financial Plan vs. November 2019 Financial Plan

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| **Pedagogical** | | | | |
| Dept. of Education | 1 | 1 | 1 | 1 |
| City University | 0 | 0 | 0 | 0 |
| **Subtotal** | **1** | **1** | **1** | **1** |
| | | | | |
| **Uniformed** | | | | |
| Police | 88 | 88 | 88 | 88 |
| Fire | 0 | 0 | 0 | 0 |
| Correction | (840) | (840) | (840) | (840) |
| Sanitation | 6 | 6 | 6 | 6 |
| **Subtotal** | **(746)** | **(746)** | **(746)** | **(746)** |
| | | | | |
| **Civilian** | | | | |
| Dept. of Education | 54 | 53 | 53 | 53 |
| City University | 0 | 0 | 0 | 0 |
| Police | 333 | 270 | 270 | 270 |
| Fire | 31 | 30 | 29 | 28 |
| Correction | 1 | 0 | 0 | 0 |
| Sanitation | 6 | 4 | 4 | 4 |
| Admin. for Children's Services | (50) | (50) | (50) | (50) |
| Social Services | 68 | 103 | 103 | 103 |
| Homeless Services | (2) | (2) | (2) | (2) |
| Health and Mental Hygiene | 193 | 220 | 220 | 213 |
| Finance | (4) | (4) | (4) | (4) |
| Transportation | 89 | 79 | 82 | 83 |
| Parks and Recreation | 76 | 15 | 15 | 15 |
| All Other Civilians | 973 | 785 | 785 | 782 |
| **Subtotal** | **1,768** | **1,503** | **1,505** | **1,495** |
| | | | | |
| **Total** | **1,023** | **758** | **760** | **750** |

Table 15 compares actual headcount on September 30, 2019 to the planned November Plan FY 2020 year-end headcount. The headcount plan shows an expected net increase of 6,243 full-time employees, citywide, from June 30, 2019. However, as shown in the table, three months into FY 2020, the City has only met approximately 4.6 percent of its planned increase for the current fiscal year. It remains to be seen whether the rate of hiring will increase so that the FY 2020 planned headcount figure will be achieved.

## Table 15. September 30, 2018 Headcount vs. Planned June 30, 2020 Headcount

| | 6/30/2019 Actuals | 9/30/2019 Actuals | 6/30/2020 Nov. 2019 Plan | Change 6/30/2019 Actuals to 9/30/2019 Actuals | Planned Change 6/30/2019 to 6/30/2020 | Percent of Planned Change Achieved |
|---|---|---|---|---|---|---|
| **Pedagogical** | | | | | | |
| Dept. of Education | 120,398 | 120,774 | 122,004 | 376 | 1,606 | 23.41% |
| City University | 4,599 | 4,553 | 4,441 | (46) | (158) | 29.11% |
| **Subtotal** | **124,997** | **125,327** | **126,445** | **330** | **1,448** | 22.79% |
| | | | | | | |
| **Uniformed** | | | | | | |
| Police | 36,461 | 36,223 | 36,201 | (238) | (260) | 91.54% |
| Fire | 11,244 | 11,099 | 10,952 | (145) | (292) | 49.66% |
| Correction | 10,189 | 9,969 | 8,949 | (220) | (1,240) | 17.74% |
| Sanitation | 7,893 | 8,092 | 7,842 | 199 | (51) | (390.20%) |
| **Subtotal** | **65,787** | **65,383** | **63,944** | **(404)** | **(1,843)** | 21.92% |
| | | | | | | |
| **Civilian** | | | | | | |
| Dept. of Education | 13,218 | 13,445 | 12,602 | 227 | (616) | (36.85%) |
| City University | 1,834 | 1,792 | 1,946 | (42) | 112 | (37.50%) |
| Police | 15,306 | 15,136 | 15,862 | (170) | 556 | (30.58%) |
| Fire | 6,093 | 6,051 | 6,385 | (42) | 292 | (14.38%) |
| Correction | 1,749 | 1,741 | 2,028 | (8) | 279 | (2.87%) |
| Sanitation | 2,127 | 2,119 | 2,239 | (8) | 112 | (7.14%) |
| Admin. for Children’s | 7,138 | 7,106 | 7,167 | (32) | 29 | (110.34%) |
| Social Services | 12,614 | 12,526 | 14,578 | (88) | 1,964 | (4.48%) |
| Homeless Services | 2,318 | 2,282 | 2,383 | (36) | 65 | (55.38%) |
| Health and Mental Hygiene | 5,509 | 5,490 | 5,761 | (19) | 252 | (7.54%) |
| Finance | 1,968 | 2,040 | 2,146 | 72 | 178 | 40.45% |
| Transportation | 4,941 | 5,002 | 5,529 | 61 | 588 | 10.37% |
| Parks and Recreation | 4,064 | 4,242 | 4,483 | 178 | 419 | 42.48% |
| All Other Civilians | 30,779 | 31,049 | 33,187 | 270 | 2,408 | 11.21% |
| **Subtotal** | **109,658** | **110,021** | **116,296** | **363** | **6,638** | 5.47% |
| | | | | | | |
| **Total** | **300,442** | **300,731** | **306,685** | **289** | **6,243** | **4.63%** |

## Overtime

The November 2019 Plan includes $1.395 billion for FY 2020 overtime expenditures, 21.8 percent lower than the $1.783 billion spent on overtime in FY 2019. Annual overtime expenditures have averaged $1.79 billion between FY 2017 and FY 2019. Beginning in FY 2018, the City implemented initiatives at several agencies specifically to curtail the growth in civilian overtime cost. These initiatives have helped to stem the growth in civilian overtime cost. Civilian overtime expenses were $645 million in FY 2019, an increase of 6.3 percent from $607 million in FY 2018.

Between FY 2014 and FY 2019, civilian overtime cost increased at an annual rate of 8.8 percent, with four agencies, NYPD, FDNY, Administration for Children’s Services (ACS), and Department of Social Services (DOSS) accounting for 55 percent of the $221 million increase over this period. Annual overtime cost at the ACS has more than doubled over this period, from $25.2 million in FY 2014 to $60.3 million in FY 2019. At the Department of Social Services (DOSS) and the FDNY, civilian overtime cost increased by 76 percent and 61 percent, respectively, between FY 2014 and 2019 from $22.3 million to $39.2 million for DSS and from $50.1 million to $80.6 million for FDNY. While the NYPD has the lowest growth rate among these agencies, with an increase of 40 percent, it accounted for the largest share of the increase, growing by $39.2 million from $97.3 million in FY 2014 to $136.6 million in FY 2019. The Comptroller's Office expects civilian overtime cost to be at least $510 million for FY 2020 as shown in Table 16, $156 million more than the City's projection.

## Table 16. Projected FY 2020 Overtime Spending

| ($ in millions) | City Planned Overtime FY 2020 | Comptroller's Projected Overtime FY 2020 | FY 2020 Risk |
|---|---|---|---|
| **Uniformed** | | | |
| Police | $542 | $600 | ($58) |
| Fire | 218 | 245 | (27) |
| Correction | 151 | 151 | 0 |
| Sanitation | 130 | 130 | 0 |
| **Total Uniformed** | **$1,041** | **$1,126** | **($85)** |
| | | | |
| **Civilians** | | | |
| Police-Civilian | $81 | $110 | $(29) |
| Admin for Children's Services | 17 | 45 | (28) |
| Environmental Protection | 30 | 45 | (15) |
| Transportation | 49 | 60 | (11) |
| All Other Agencies | 177 | 250 | (73) |
| **Total Civilians** | **$354** | **$510** | **($156)** |
| | | | |
| **Total City** | **$1,395** | **$1,636** | **($241)** |

Spending for uniformed overtime, on the other hand, has been relatively flat over the last three fiscal years, averaging $1.18 billion. Between FY 2018 and FY 2019, uniformed overtime declined by almost 5 percent, from $1.19 billion in FY 2018 to $1.14 billion in FY 2019. The Comptroller's Office expects uniformed overtime cost to be about $1.13 billion for FY 2020, $85 million higher than the City's projection of $1.04 billion. The risk to the budget stems from projected spending on uniformed overtime at the New York City Police Department (NYPD) and the Fire Department (FDNY).

### Health Insurance:

The November Plan projects that the City's spending on health insurance for active employees and retirees will increase at an average annual rate of 6.9 percent from $7.04 billion in FY 2020 to $8.60 billion in FY 2023, as shown in Table 17. These projections include the $1.3 billion annual savings from the 2014 Health Savings Agreement between the City and the Municipal Labor Committee and savings of $300 million in FY 2020 and $600 million annually in FY 2021 and beyond from the 2018 Health Savings Agreement.

Premium rates for active employees' health insurance remain unchanged from the June projections. The FY 2020 premium for active employees' health insurance is 3.5 percent above FY 2019 and is projected to increase by 3.0 percent in FY 2021, 5.5 percent in FY 2022 and 5.0 percent in FY 2023. The rate increases for FY 2020 and FY 2021 are capped as part of the 2018 Health Savings Agreement. The rates were previously projected to increase by 6.5 percent in FY 2020 and 6.0 percent in FY 2021. The savings realized from capping the rate increases have been credited to the agreement.

## Table 17. Pay-As-You-Go Health Expenditures

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| Department of Education | $2,650 | $2,866 | $3,126 | $3,425 |
| CUNY | 106 | 111 | 140 | 143 |
| All Other | 4,286 | 4,487 | 4,757 | 5,034 |
| **PAYGO Health Insurance Cost** | **$7,042** | **$7,464** | **$8,022** | **$8,602** |

FY 2020 premium rate increase for retiree health insurance has been finalized at 3.39 percent, 1.61 percentage point below the 5 percent projected in June. The savings from the lower rate will be credited as savings in the 2018 Health Savings Agreement. Premium rate increases for retiree health insurance in the outyears of the Plan remain unchanged at 5 percent.

### Pensions

Pension contributions in the November Plan are projected to grow from $9.85 billion in FY 2020 to $10.46 billion in FY 2023, an increase of 6.2 percent. As shown in Table 18, when compared to the FY 2020 June Financial Plan there was little change to the FY 2020 projection. For FY 2021 through FY 2023, pension projections were lowered mainly to reflect FY 2019 investment gains in excess of the actuarial interest rate assumption (AIRA). The pension funds earned a combined return of 7.24 percent on the market value for FY 2019, just above the AIRA of 7.0 percent that was used for projecting pension contribution in the June Financial Plan.

## Table 18. Changes to City Pension Contributions

| ($ in millions) | Actual FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|---|
| Five Actuarial Systems | $9,855 | $9,835 | $9,873 | $10,183 | $10,123 |
| Other Systems & Reserves | 86 | 127 | 255 | 392 | 509 |
| Less: Intra City-Expense | (112) | (112) | (112) | (112) | (112) |
| **Net Pension Expense Adopted Budget** | **$9,829** | **$9,850** | **$10,016** | **$10,463** | **$10,520** |
| FY 2019 Investment Earnings above AIRA | | 0 | (18) | (36) | (54) |
| Other | | 2 | 2 | (2) | (2) |
| **Net Pension Expense November Plan** | **N/A** | **$9,852** | **$10,000** | **$10,425** | **$10,464** |

The City spent $9.83 billion for pension expenditures in FY 2019, only $21 million lower than the current FY 2020 pension projection. Despite recent updates to underlying pension assumptions and methods used in calculating employer contributions, pension projections are expected to increase by 2 percent annually between FY 2020 and FY 2023. Any additional costs that resulted from changes to underlying assumptions and methods are partially offset by actuarial gains in FY 2018 and FY 2019.

### Labor

On July 9, 2019, the Day Care Council of New York (DCCN) and Local 205, District Council 1707 of AFCME, AFL-CIO (Local 205) reached a labor agreement that provided for a schedule of salary increases that will achieve starting teacher salary parity between certified early childhood education teachers represented by Local 205 working for City-contracted providers, and DOE teachers, by October 1, 2021. Following the Local 205 agreement, Local 95, representing Head Start teachers, reached an agreement with the Head Start Sponsoring Board Council of New York City that is consistent with the Local 205 agreement, with a salary increase schedule to achieve starting teacher salary parity by October 21, 2021.

The agreements cover almost 7,000 workers, which include both certified and non-certified educators and support staff. These agreements will form the framework for other workers at City-contracted early-childhood centers, including non-represented workers. There are another nearly 7,000 unrepresented early childhood education workers, consisting of approximately 1,500 certified teachers, 1,000 uncertified teachers, and 4,300 teaching assistants and support staff. The unrepresented certified teachers will receive the salary parity increase in October 2021, while the uncertified teachers, teaching assistants and support staff will receive a 2.75 percent increase in October 2021, consistent with the Local 205 agreement. The November Plan adds $29.3 million, $26.4 million, $54.6 million and $56.6 million in FY 2020 through FY 2023, respectively, to the labor reserve to fund wage increases for all educators and support staff in City-contracted early childhood providers, patterned after the Local 205 and Local 95 agreements.

While the City has reached labor agreements with District Council 37 (DC 37) and the United Federation of Teachers, it has yet to reach an agreement with any of the unions representing uniformed employees. The Police Benevolent Association (PBA) has declared an impasse in its labor negotiations with the City and filed for arbitration determination with the New York State Public Employment Relations Board (PERB). Subsequently, PERB has declared a bargaining impasse paving the way for the City and the PBA to present their arguments before an arbitration panel. Hearings before the arbitration panel is scheduled to begin in early 2020.

## Public Assistance

Through October, the City's public assistance caseload has averaged 332,564 recipients per month thus far in FY 2020. Average monthly caseload has declined 5.6 percent, or nearly 20,000 recipients compared to the same period in FY 2019. The public assistance caseload has been on a steady decline for more than two years, reaching its lowest level of 330,709 in September since the peak in 1995, before rebounding slightly to 334,151 in October. Public assistance grants spending has averaged about $116 million per month in the current fiscal year, a drop of 2.4 percent over the same period in FY 2019.

The City maintains its FY 2020 public assistance caseload projections at a monthly average of 339,421 for FY 2020 and 339,000 over the remainder of the Financial Plan, unchanged since the June Plan. Net baseline grants expenditures are projected at approximately $1.48 billion annually. While both caseload and grant levels are running below the City's projections, it remains to be seen if continued declines could lead to potential savings in FY 2020.

## Department of Education

The November Modification projects a $28.01 billion budget for the Department of Education (DOE) in the current year (net of intra-city funds), reflecting a net increase of $784 million in FY 2020. The current FY 2020 budget projection represents an increase of 3.7 percent or $991 million compared to the FY 2019 actuals of $27.02 billion.

The majority of the changes in FY 2020 are attributable to collective bargaining transfers from the Labor Reserve, totaling $693 million. The largest among these is a $650 million retroactive lump sum payment for salary increases negotiated in the prior UFT contract. The payment represents the fourth in a series of five installments scheduled to be completed in FY 2021. In addition, the City has rolled forward $105 million into the current year for projects supported by Federal Community Development Block Grants, including $67 million for handicapped accessibility improvement projects, $33 million for code violation removals and $5 million for environmental health inspections. The remainder of current year changes comprises mainly of CSP initiatives totaling $21 million in offsets, including $11 million in severance program savings from the Absent Teachers' Reserve and $10 million in procurement savings.

The DOE's FY 2021 budget is expected to rise to $28.06 billion, an increase of only about $53 million from the FY 2020 projection. Given that a final UFT lump sum payment is due next year, the FY 2021 budget will increase significantly once the transfer is completed.[5] Over the remainder of the Plan, funding for the Department is estimated to rise to $29 billion in FY 2022 and $29.83 billion in FY 2023, reflecting annual increases of $943 million and $824 million, respectively. On average, about 50 percent of DOE spending is covered by City funds over the course of the November Plan, with the State contributing another 42 percent in support. Federal and other categorical funds round out the residual 8 percent of the DOE budget.

The DOE budget has not yet reflected potential costs from increased charter school tuition rates that will likely be approved by the State in the outyears. Unless the State provides additional reimbursement in future years, the City indicates that DOE could face risks of $150 million in FY 2021, $334 million in FY 2022 and $562 million in FY 2023. In addition, the DOE budget contains pupil transportation cost projections that are significantly below the FY 2019 spending level. Funding for school bus services have been covered by emergency extensions in the previous year due to expired contracts. Given that spending will likely continue at this level, the City could face risks of $75 million for school bus expenditures. Further, there will likely be a shortfall of $20 million annually in Federal Medicaid reimbursement for special education services over the Plan period. While DOE's Medicaid claiming process has improved over the years, the assumptions in the November Plan include claims for transportation reimbursement, estimated at $20 million annually, which have yet been approved by the State.

## Homeless Services

Spending on adult and family shelter in the Department of Homeless Services (DHS) is the primary driver of the City's homelessness expenses. However, funding for homeless assistance is also, and increasingly, drawn from the budgets of other agencies, including the Department of Social Services, the Department of Youth and Community Development, the Department of Health and Mental Hygiene and the Department of Veterans Services.[6] Table 19 details changes in total funding for seven major categories of homeless services across these agencies in the November modification.

[5] There will be no net impact on the General Fund budget, as the Miscellaneous Budget will decrease by the amount that is transferred out of the labor reserve to the DOE.

[6] The Comptroller's Office began measuring homeless services expenditures across multiple agencies for the first time during the FY 2016 budget cycle to provide a comprehensive overview of citywide, multi-agency spending on homelessness. As of the FY 2020 Executive Budget, a revision to the Comptroller's homeless services construct includes new expense categories that have emerged since the original construct was formulated, refines the definition of shelter spending, and accounts for omissions in earlier versions. This updated approach to measuring homeless services spending provides the most comprehensive summary of the City's homeless services expenditures to date. Therefore, broad changes in homeless services expenses compared to those published in the State of the City's Economy and Finances report in 2018 should be interpreted with caution.

## Table 19. Citywide Homeless Services Expenditures

| ($ in millions) | November FY 2020 | Adopted FY 2020 | Change |
|---|---|---|---|
| Adult Shelter Operations | $651 | $639 | $12 |
| Family Shelter Operations | 1,164 | 1,143 | 21 |
| Rental Assistance | 545 | 547 | (2) |
| Prevention, Diversion, Anti-Eviction & Aftercare | 493 | 483 | 10 |
| Domestic Violence, Youth & Emergency Shelters | 112 | 110 | 2 |
| Homeless Administration & Support | 325 | 324 | 1 |
| **Total Citywide Homeless Spending** | **$3,290** | **$3,246** | **$44** |

The City's homeless services agencies continue to struggle with unprecedented demand for shelter services. Nearly 9,000 more individuals live in City shelters compared to this same period six years ago, although recent trends indicate that some segments of the shelter population are starting to decline. Between November 23rd of 2018 and 2019, the City's overall shelter census declined by approximately 800 people or 1.3 percent, nearly all children. During this time period, 1,508 individuals in families with children, 799 children and 709 adults, exited the shelter system. However, the adults in families with children that left the system during this yearlong period were offset by an increase of more than 800 single adult entrants, more than three-quarters of whom were men. In fact, the single adult population has increased to a greater extent than any other group over the last six years– some 69 percent since late 2013.

Despite the intractable nature of the adult shelter census over the last six years, the November Modification calls for a reduction in total funding for adult shelter operations of more than $116 million in FY 2020, with 87.2 percent of that total to be covered by City funds. In the absence of new policies that would dramatically reverse the steady increase in the adult shelter census, it appears that the current budget for adult shelter operations will be insufficient. Therefore, the Comptroller's Office projects a risk of at least $100 million in City funds for adult shelter operations.

New expenses focused on New York's street homeless population have also been added in the November Modification on the heels of a renewed focus on this population in recent months. Approximately $3 million in additional funds for the Department of Homeless Services will be dedicated to drop in centers, safe havens and outreach programs to combat street homelessness, in addition to more than $11 million in new expenses in the November Modification to fund homeless outreach engagement teams at the NYPD in FY 2020. Finally, more than $3.6 million has been added to the other than personnel services budget for the Homeless Prevention Administration at the Department of Social Services, an amount that more than doubles spending in that category from the previous fiscal year.

There are also some notable reductions in homeless services spending in the November Modification. Chief among these are supportive housing programs, including a $6.8 million reduction in funding through the Department of Health and Mental Hygiene for the City's 15/15 initiative. Taken together, supportive housing services have been cut by approximately $30 million since adoption. Also noteworthy is a cumulative $4.5 million reduction in general administration expenses at the Department of Homeless Services which is primarily driven by financial plan savings in shelter intake costs.

### Criminal Justice Reforms

New York City is in the midst of sweeping changes to its criminal justice system, including changes to state bail and discovery laws, as well as plans to construct four new jails and end incarceration on Rikers Island by 2026.

### Bail and Discovery Reforms

Under reforms adopted by the State Legislature last spring, on January 1, 2020 the option of cash bail will be eliminated for most defendants charged with a misdemeanor or non-violent felony. The City estimates that about 800 incarcerated individuals will immediately become eligible for release without bail conditions.[7] The State also adopted changes to its discovery and speedy trial laws. Under the new discovery laws, prosecutors must turn over evidence to defendants' lawyers generally within 15 days of arraignment, rather than waiting until a trial begins. Given the small share of criminal cases that currently proceed to trial, and the predominance of guilty pleas, many more defendants will gain access to the evidence against them under the new laws.

To comply with these state law changes, the City added $75 million to the FY 2020 budget and about $70 million in FY 2021 and each subsequent year. In addition, the City plans to invest $129 million in related capital projects, of which $125 million has been allocated to date.

The new resources will enable technology upgrades and fund 1,023 new positions in FY 2020, including 729 at District Attorney (DA) offices and 250 at the NYPD. The workforce expansion at DA offices represents a 19 percent increase over current levels and will allow prosecutors to review, track and produce evidence to give to the defense. Funding will also be used for expanded efforts to protect witnesses. New resources at the NYPD will support the production of records, such as crime lab reports, 911 calls, arrest reports, and body-worn camera footage.

### Borough-Based Jails

In mid-October the City Council approved a land use application to construct four jails in the Bronx, Brooklyn, Manhattan and Queens. The new jails are projected to open by the end of 2026 and house a maximum of 3,300 individuals at any given time. The City's Capital Commitment Plan currently includes $8.7 billion for the project.

Prior to obtaining City Council approval, the City committed to numerous investments in the four neighborhoods surrounding the new jails, as well as services for justice-impacted individuals. As outlined in the Points of Agreement letter, new annual investments will eventually total $265 million, including $128 million for criminal justice reform and $137 million in neighborhood investments.[8]

In the November Plan, the City allocated about $29 million in FY 2020, $80 million in FY 2021, and $79 million in each of FY 2022 and FY 2023 to begin funding these commitments. The City expects to fund other items in the Points of Agreement letter in future plans.

New funding includes $16.6 million in FY 2020 and $54 million in FY 2021 and beyond to expand supervised released programs to any defendant, regardless of charge. The Manhattan District Attorney's Office has also pledged $50 million from state asset forfeiture revenue in each of FY 2021 and FY 2022 for supervised release.

In early November the City also released a request for proposals to provide voluntary programming for persons who are awaiting trial in the community without court-ordered conditions.[9] The new program, called "Atlas," is expected to cost in the "tens of millions" and will offer services, including mentorship, education, employment and therapy, to individuals with the highest risks and needs. Funding for Atlas has not yet been added to the City's financial plan.

---

[7] New York City Mayor's Office of Criminal Justice, *Rikers Scorecard: September/October 2019* (November 1, 2019), https://criminaljustice.cityofnewyork.us/wp-content/uploads/2019/11/Rikers-scorecard__September-October-2019.pdf.

[8] "Borough-Based Jail Plan Points of Agreement" (October 18, 2019), http://council.nyc.gov/data/wp-content/uploads/sites/73/2019/10/BBJ_Points_of_Agreement_Rikers.pdf.

[9] https://a856-cityrecord.nyc.gov/RequestDetail/20191101004

## Table 20. New Costs Related to the Borough-Based Jail Plan Points of Agreement Letter

($ in thousands)

| Agency | Initiative | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|---|
| **NYPD** | Co-response Teams | $2,222 | $3,310 | $3,310 | $3,310 |
| **FDNY** | Health Engagement and Assessment Team (HEAT) | $114 | $223 | $223 | $223 |
| **Misc. Budget** | Crisis Management System | $850 | $2,700 | $2,700 | $2,700 |
| **Misc. Budget** | Supervised Release | $16,600 | $54,000 | $54,000 | $54,000 |
| **DOHMH** | Crisis Prevention and Response | $8,085 | $18,428 | $17,448 | $17,448 |
| **DOHMH** | Brooklyn Rapid Assessment and Response | $458 | $1,110 | $1,087 | $1,087 |
| **DFTA** | Millbrook Senior Center | $300 | $600 | $600 | $600 |
| | **TOTAL** | **$28,629** | **$80,371** | **$79,368** | **$79,368** |

The additional expenses related to criminal justice reforms will be offset by projected savings from closing two jail facilities in early 2020. As discussed in "Citywide Savings Program" beginning on page 13, the closing of the BKDC and EMTC is expected to reduce spending by $29 million in FY 2020 and about $90 million in each of the outyears.

# IV. Capital Budget and Financing Program

The FY 2020 – FY 2023 Adopted Capital Plan, which was released in October 2019, totals $75.62 billion in all-funds authorized commitments, a $2.57 billion increase compared to last year's Adopted Capital Plan. City-funds authorized commitments make up $70.24 billion of the total authorized commitments. After adjusting for the reserve for unattained commitments, all-funds planned commitments drop to $66.45 billion, as shown in Table 21. The City-funds commitments after adjusting for the reserve for unattained commitments drop to $61.07 billion. The Plan is less front-loaded than in the past, with just under 26 percent, or $19.42 billion, of the all-funds authorized commitments scheduled for FY 2020. In the outyears of the Plan, commitments decrease annually, dropping slightly to $19.14 billion in FY 2021, $19.05 billion in FY 2022, and $18.02 billion in FY 2023.

### Table 21. FY 2020 Adopted Capital Commitment Plan All-Funds FY 2020 – FY 2023

| ($ in millions) | FY 2020 Adopted Plan | Percent of Total |
|---|---|---|
| Education & CUNY | $15,699 | 20.8% |
| Environmental Protection | 10,897 | 14.4% |
| Dept. of Transportation & Mass Transit | 10,612 | 14.0% |
| Housing and Economic Development | 11,229 | 14.8% |
| Administration of Justice | 7,481 | 9.9% |
| Resiliency, Technology and Citywide Equipment | 4,979 | 6.6% |
| Dept. of Parks and Recreation | 4,230 | 5.6% |
| Hospitals | 2,440 | 3.2% |
| Other City Operations and Facilities | 8,054 | 10.7% |
| **Total** | **$75,622** | **100.0%** |
| | | |
| Reserve for Unattained Commitments | (9,173) | |
| **Adjusted Total** | **$66,449** | |

SOURCE: Office of Management and Budget, FY 2020 Adopted Capital Commitment Plan, October 2019. Numbers may not tie due to rounding.

Compared to the April 2019 Capital Commitment Plan, the FY 2020 Adopted Capital Commitment Plan shows an increase of $5.82 billion over FY 2020 – FY 2023 in all-funds authorized commitments, and an increase of $1.03 billion over the same period after accounting for the reserve for unattained commitments. The City's report on actual FY 2019 capital commitments shows all-funds commitments totaling $12.61 billion, $3.75 billion below the FY 2019 authorized commitment level of $16.36 billion in the April 2019 Plan, or an achievement rate of 77.1 percent. The $3.75 billion shortfall in commitment against plan suggests that most of the combined $5.82 billion increase to FY 2020 through FY 2023 ($970 million in FY 2020, $2.92 billion in FY 2021, $765 million in FY 2022, and $1.16 billion in FY 2023) in the Commitment Plan, especially in FY 2020 and FY 2021, are due to a shifting forward of unmet FY 2019 commitments.

Estimated commitments for capital projects in DOE and the City University of New York (CUNY), account for $15.7 billion or 20.8 percent of planned all-funds commitments ($15.09 billion of which is DOE). Other major components of the Plan are capital projects in the Department of Environmental Protection (DEP) which comprise 14.4 percent of the planned all-funds commitments, DOT and Mass Transit projects which account for 14.0 percent, and Housing and

Economic Development projects which account for 14.8 percent of the Plan.[10] These four major program areas constitute a majority of the Commitment Plan, accounting for $48.44 billion, or 64 percent of the Plan.

The October 2019 Capital Plan includes 746 new project IDs with a combined commitment of $2.37 billion.[11] Of these, thirty-six project ID's account for approximately 50 percent of combined commitments. Among these projects, the largest commitments are $104 million for the Willets Point Phase 1A project – Offsite infrastructure, followed by $86 million for Criminal Justice Reform Initiative technology projects, $66 million for additional ferry vessels via EDC, and $60 million for the Bush Terminal "Made in New York" project for Units B & D.[12]

## FY 2019 Capital Commitments

FY 2019 all-funds actual commitments totaled $12.61 billion. This represents an achievement rate of 77.1 percent against the authorized $16.36 billion in the April FY 2019 Executive Plan. This is an increase of 6.3 percentage points from FY 2018, when the achievement rate was 70.8 percent, a 19 percentage point increase above the average achievement rate (58 percent) over the past ten years.

Nine of the 25 program agencies saw their achievement rates drop from the previous fiscal year. The five agencies with the largest percentage point drops in achievement rates are the DOT, ACS, Department for the Aging (DFTA), Human Resources Administration (HRA), and the Department of Small Business Services (DSBS), as shown in Table 22.[13]

### Table 22. Agencies Showing Largest Percentage Point Drop in Achievement Rates

| | FY 2019 Achievement Rate | FY 2018 Achievement Rate | Change |
|---|---|---|---|
| Dept. of Transportation | 65.6% | 97.1% | (31.4%) |
| Administration of Children's Services | 46.8% | 65.2% | (18.4%) |
| Dept. for the Aging | 4.4% | 22.7% | (18.3%) |
| Human Resources Administration (HRA /DSS) | 71.2% | 80.0% | (8.8%) |
| Dept. of Small Business Services | 45.5% | 53.7% | (8.2%) |

Sixteen of 25 agencies improved their achievement rates over FY 2018. The greatest improvement in achievement rates were seen in the New York Research Libraries, New York City Transit Authority, the Dept. of Health and Mental Hygiene, CUNY, and the Department of Parks and Recreation.[14] As Table 23 shows, the gains in achievement rates in these agencies ranged from 38.6 percentage points to 98.3 percentage points.

[10] DEP capital commitments are primarily funded through the issuance of New York Water Finance Authority (NYW) debt.

[11] These are project IDs that did not appear in any Commitment Plans dating back to September 2003.

[12] Commitments for Criminal Justice Reform related projects total $125 million, which include the $86 million for technology projects, $28 million for projects related to the Discovery Law, and $11 million for legal document platform projects.

[13] DSBS projects are all Economic Development Corporation (EDC) projects.

[14] Although the New York City Transit Authority is not a City agency, it is a distinct category within the Capital Commitment Plan with a measurable Plan and recorded actuals against which to measure performance. Data contained herein are from City support to NYCT from GO and TFA financing, not that of the Metropolitan Transit Authority.

### Table 23. Agencies Showing Largest Percentage Point Gain in Achievement Rates

| | FY 2019 Achievement Rate | FY 2018 Achievement Rate | Change |
|---|---|---|---|
| New York Research Libraries | 95.5% | 0.2% | 98.3% |
| New York City Transit Authority | 89.3% | 32.4% | 56.9% |
| Dept. of Health and Mental Hygiene | 66.0% | 15.9% | 50.1% |
| CUNY | 75.4% | 35.9% | 39.4% |
| Dept. of Parks and Recreation | 85.6% | 47.0% | 38.6% |

Thirteen of twenty-five agencies had commitments of over $100 million. Eight of these 13 agencies had improvements in rates of achievement over FY 2018. The five agencies with the highest rates of achievement in this category for FY 2019 are shown in Table 24. Four of the agencies listed in the table improved over FY 2018, with the exception of the Dept. of Sanitation which declined 7.1 percentage points from the prior year.

### Table 24. Top Five Achieving Agencies with more than $100 million in Commitments

| ($ in millions) | FY 2019 Commitments | FY 2019 Achievement Rate |
|---|---|---|
| Dept. of Education | $3,993 | 98.8% |
| Dept. of Environmental Protection | $2,032 | 90.6% |
| New York City Transit Authority | $433 | 89.3% |
| Dept. of Parks and Recreation | $537 | 85.6% |
| Dept. of Sanitation | $286 | 74.2% |

## Financing Program

The November 2019 Financial Plan for FY 2020 – FY 2023 contains $45.24 billion of planned borrowing in FY 2020 – FY 2023, as shown below in Table 25. The borrowing is comprised of $18.87 billion of General Obligation (GO) bonds, $18.56 billion of Transitional Finance Authority – Future Tax Secured (TFA FTS) bonds, $7.16 billion of New York Water Finance Authority (NYW) bonds and $644 million of TFA Building Aid Revenue Bonds (BARBs) that are supported by State building aid revenues.

### Table 25. November 2019 Plan Financing Program

| ($ in millions) | Estimated Borrowing and Funding Sources FY 2020 – FY 2023 | Percent of Total |
|---|---|---|
| General Obligation Bonds | $18,870 | 41.7% |
| TFA – FTS Bonds | 18,560 | 41.0 |
| NYC Water Finance Authority | 7,162 | 15.8 |
| TFA – BARBs | 644 | 1.4 |
| **Total** | **$45,236** | **100.0%** |

SOURCE: NYC Office of Management and Budget, November 2019 Financial Plan.

Total projected borrowing in the November Plan for FY 2020 through FY 2023 is $490 million more than the June 2019 Financial Plan. This is a result of increases of $407 million for TFA BARBs borrowing, $253 million for NYW borrowing, and $70 million for GO borrowing, offset by an estimated $240 million decrease in TFA FTS borrowing over the period. Estimated borrowing averages $11.31 billion annually over the four-year period.

Estimated total borrowing ranges from $9.0 billion in FY 2020 to $13.79 billion in FY 2023, the highest level of borrowing in the City's history.

## Debt Service

As shown in Table 26, debt service, net of prepayments, in the November Plan totals $7.2 billion in FY 2020, $7.59 billion in FY 2021, $8.25 billion in FY 2022, and $9.02 billion in FY 2023.[15] These amounts represent decreases from the June 2019 Financial Plan of $113 million in FY 2020, $36 million in FY 2021, $20 million in FY 2022, and an increase of $4 million in FY 2023. Between FY 2020 and FY 2023, total debt service is expected to increase by $1.82 billion, or 25.3 percent. These projections exclude debt service of the NYW, which is backed by water and sewer user fees, and that of the TFA BARBs.

Excluding prepayments, FY 2019 debt service totaled $6.50 billion.[16] FY 2020 debt service of $7.20 billion in the November Plan, adjusted to exclude prepayments, is projected to be $699 million or 10.8 percent higher than FY 2019. The increase is due primarily to higher projected TFA debt service of $356 million in FY 2019, $197 million of higher baseline GO debt service, along with $107 million in higher estimated GO Variable Rate Demand Bonds (VRDB) interest costs.

### Table 26. November Plan FY 2020 Financial Plan Debt Service Estimates

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Change FY 2020 – FY 2023 | % Change FY 2020 – FY 2023 |
|---|---|---|---|---|---|---|
| GO | $4,017 | $4,111 | $4,439 | $4,803 | $786 | 19.6% |
| TFA[a] | 2,974 | 3,275 | 3,608 | 3,992 | 1,018 | 34.2% |
| Lease-Purchase Debt | 126 | 126 | 126 | 147 | 21 | 16.4% |
| TSASC, Inc. | 82 | 82 | 76 | 76 | (6) | (2.3%) |
| **Total** | **$7,199** | **$7,594** | **$8,249** | **$9,018** | **$1,819** | **25.3%** |

SOURCE: November 2019 Financial Plan.
NOTE: Debt service is adjusted for prepayments.
[a] Amounts do not include TFA BARBs.

The $113 million decrease in FY 2020 is due to GO and TFA FTS savings of $76 million and $37 million, respectively. The GO savings stem primarily from a $60 million reduction in estimated VRDB interest costs and $20 million of net savings from year-to-date (YTD) GO debt issuance in the first half of FY 2020. The decrease in TFA debt service results primarily from $27 million of estimated VRDB cost savings along with about $10 million of net savings from favorable YTD debt issuance.

In FY 2021 the reduction of $36 million is comprised of estimated GO savings of $47 million, largely from the continued impact of favorable borrowing costs in the first-half of FY 2020 and estimated VRDB interest cost savings. These projected GO savings are partially offset by a net increase of

[15] Includes GO, conduit debt, TFA PIT bonds, and TSASC.
[16] Includes TSASC debt service.

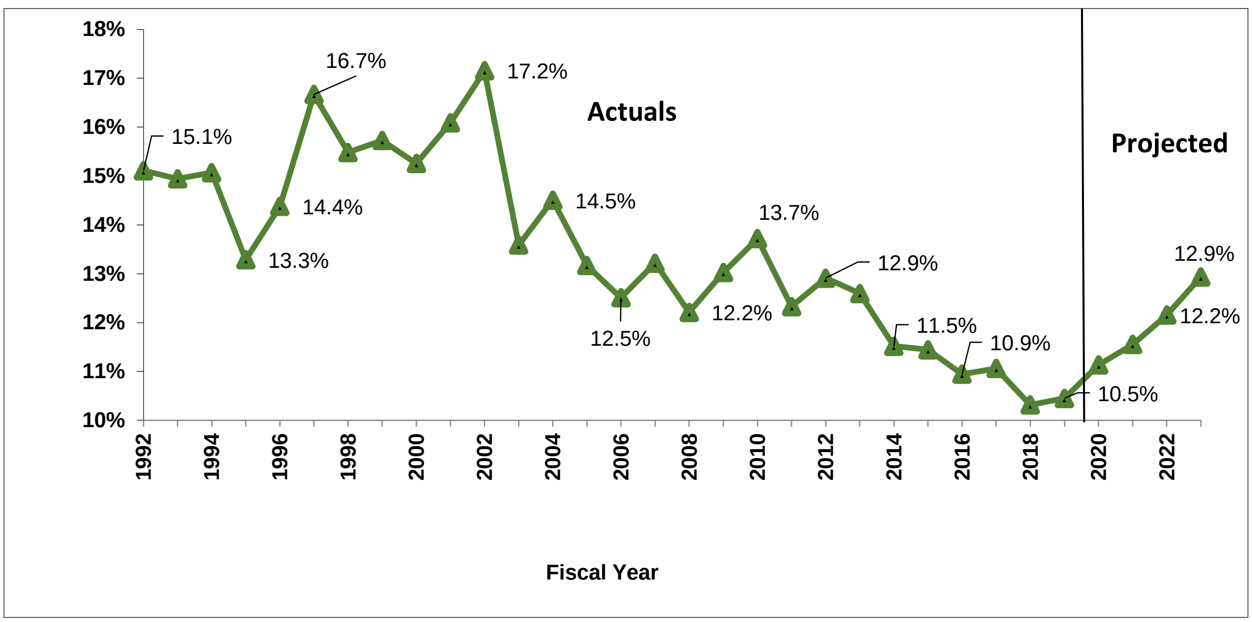
$11 million in TFA FTS debt service due primarily to a projected decrease in building aid revenues available to reduce TFA FTS debt service.

Similarly, the estimated $20 million decrease in FY 2022 stems from GO debt service savings of $25 million from the continued impact of favorable first-half of FY 2020 borrowing conditions, partially offset by a $5 million increase in estimated TFA FTS debt service costs, due to a decrease in available building aid revenues to support TFA debt service. However, in FY 2023, while GO savings continue, they are more than offset by a projected increase of $17 million for TFA FTS debt-service, resulting in a net increase of $4 million.

## Debt Affordability

Debt service as a percent of local tax revenues and as a percent of total-funds revenues are widely-used measures of debt affordability.[17] In FY 2019, the City's debt service was 10.5 percent of local tax revenues. The November Plan projects debt service will consume 11.1 percent of local tax revenues in FY 2020, 11.6 percent in FY 2021, 12.2 percent in FY 2022, and 12.9 percent in FY 2023, as shown in Chart 6. The upward trend in the debt service to tax revenue ratio reflects the disparity between debt service and tax revenue growth rates over the Plan period. Debt service is projected to grow at an average annual rate of 7.9 percent from FY 2020 to FY 2023 while tax revenue during this period is projected to grow 2.7 percent annually.[18]

### *Chart 6. NYC Debt Service as a Percent of Tax Revenues*




SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2019, and NYC Office of Management and Budget, November 2019 Financial Plan.

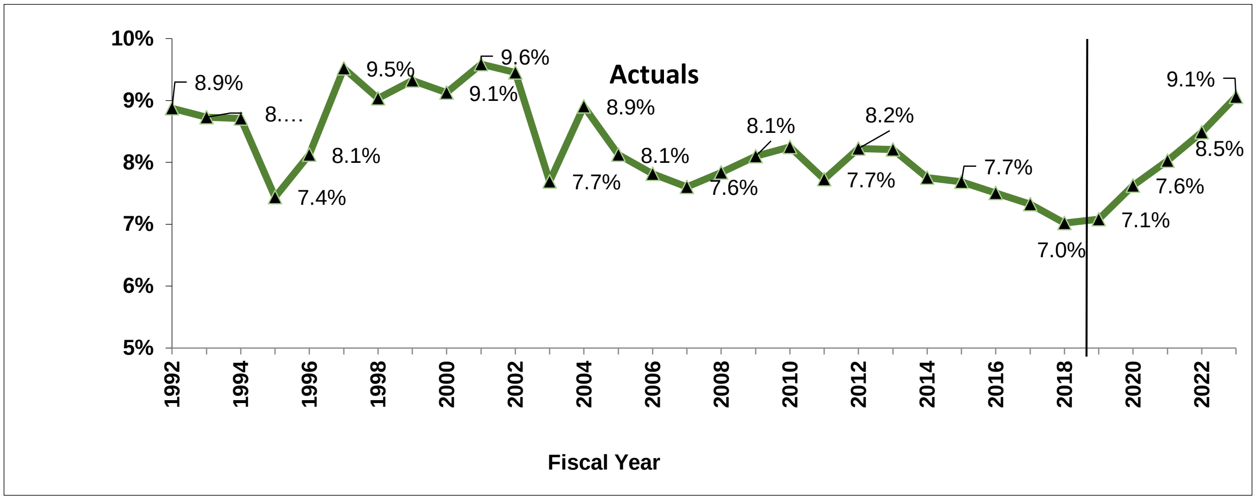
Debt service is also projected to grow at a faster rate than total revenue, which includes tax and non-tax revenues, and Federal, State and other categorical aid, over the Plan period. As such, debt

[17] Debt service in this discussion is adjusted to exclude prepayments. For additional analysis of the affordability of the City's debt, see Office of the New York City Comptroller, *Annual Report on Capital Debt and Obligations for FY 2020.* (https://comptroller.nyc.gov/reports/annual-report-on-capital-debt-and-obligations/)

[18] Excludes TSASC debt service.

service is projected to consume an increasing share of the budget. As shown in Chart 7, the City's debt service as a percent of all-funds revenues is estimated to be 7.6 percent in FY 2020, 8.0 percent in FY 2021, 8.5 percent in FY 2022, and 9.1 percent in FY 2023. As stated earlier in the report, the rate of debt service growth over the Financial Plan period is projected to be 7.8 percent, far outpacing the estimated total revenue growth of 1.8 percent.[19]

## *Chart 7. NYC Debt Service as a Percent of Total Revenues*




SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2019, and NYC Office of Management and Budget, November 2019 Financial Plan.

[19] Includes TSASC debt service.

# V. Appendix

## Table A1. November 2019 Financial Plan Revenue Detail

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Change FYs 2020 – 2023 Dollars | Change FYs 2020 – 2023 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|
| **Taxes:** | | | | | | | |
| Real Property | $29,785 | $31,089 | $32,328 | $33,286 | $3,501 | 11.8% | 3.8% |
| Personal Income Tax | $13,616 | $13,429 | $13,856 | $14,296 | $680 | 5.0% | 1.6% |
| General Corporation Tax | $4,044 | $3,727 | $3,790 | $3,815 | ($229) | (5.7%) | (1.9%) |
| Unincorporated Business Tax | $2,036 | $2,294 | $2,352 | $2,415 | $379 | 18.6% | 5.9% |
| Sale and Use Tax | $8,291 | $8,553 | $8,852 | $9,134 | $843 | 10.2% | 3.3% |
| Real Property Transfer | $1,456 | $1,504 | $1,544 | $1,586 | $130 | 8.9% | 2.9% |
| Mortgage Recording Tax | $997 | $968 | $991 | $1,014 | $17 | 1.7% | 0.6% |
| Commercial Rent | $867 | $894 | $930 | $965 | $98 | 11.3% | 3.6% |
| Utility | $385 | $410 | $421 | $430 | $45 | 11.7% | 3.8% |
| Hotel | $628 | $630 | $643 | $658 | $30 | 4.8% | 1.6% |
| Cigarette | $33 | $33 | $32 | $31 | ($2) | (6.1%) | (2.1%) |
| All Other | $767 | $769 | $769 | $769 | $2 | 0.3% | 0.1% |
| Tax Audit Revenue | $999 | $721 | $721 | $721 | ($278) | (27.8%) | (10.3%) |
| **Total Taxes** | **$63,904** | **$65,021** | **$67,229** | **$69,120** | **$5,216** | **8.2%** | **2.6%** |
| | | | | | | | |
| **Miscellaneous Revenue:** | | | | | | | |
| Licenses, Franchises, Etc. | $760 | $742 | $748 | $752 | ($8) | (1.1%) | (0.4%) |
| Interest Income | $155 | $164 | $203 | $224 | $69 | 44.5% | 13.1% |
| Charges for Services | $1,056 | $1,042 | $1,040 | $1,040 | ($16) | (1.5%) | (0.5%) |
| Water and Sewer Charges | $1,537 | $1,521 | $1,503 | $1,498 | ($39) | (2.5%) | (0.9%) |
| Rental Income | $256 | $250 | $250 | $250 | ($6) | (2.3%) | (0.8%) |
| Fines and Forfeitures | $1,135 | $1,105 | $1,095 | $1,095 | ($40) | (3.5%) | (1.2%) |
| Miscellaneous | $404 | $345 | $342 | $342 | ($62) | (15.3%) | (5.4%) |
| Intra-City Revenue | $2,095 | $1,851 | $1,843 | $1,841 | ($254) | (12.1%) | (4.2%) |
| **Total Miscellaneous Revenue** | **$7,398** | **$7,020** | **$7,024** | **$7,042** | **($356)** | **(4.8%)** | **(1.6%)** |
| | | | | | | | |
| **Reserve for Disallowance of Categorical Grants** | **($15)** | **($15)** | **($15)** | **($15)** | **$0** | **NA** | **NA** |
| | | | | | | | |
| **Less: Intra-City Revenue** | **($2,095)** | **($1,851)** | **($1,843)** | **($1,841)** | **$254** | **(18.3%)** | **(4.9%)** |
| | | | | | | | |
| **TOTAL CITY-FUNDS** | **$69,192** | **$70,175** | **$72,395** | **$74,306** | **$5,114** | **10.7%** | **2.6%** |

NOTE: Numbers may not add due to rounding.

## Table A1 (Con't). November 2019 Financial Plan Revenue Detail

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Change FYs 2020 – 2023 Dollars | Change FYs 2020 – 2023 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|
| **Other Categorical Grants** | **$985** | **$874** | **$864** | **$863** | **($122)** | **(12.4%)** | **(4.3%)** |
| | | | | | | | |
| **Inter-Fund Agreements** | **$717** | **$674** | **$673** | **$673** | **($44)** | **(6.1%)** | **(2.1%)** |
| | | | | | | | |
| **Federal Categorical Grants:** | | | | | | | |
| Community Development | $841 | $299 | $279 | $254 | ($587) | (69.8%) | (32.9%) |
| Welfare | 3,379 | 3,349 | 3,347 | 3,347 | (32) | (0.9%) | (0.3%) |
| Education | 2,106 | 2,108 | 2,070 | 2,070 | (36) | (1.7%) | (0.6%) |
| Other | 1,687 | 1,325 | 1,298 | 1,291 | (396) | (23.5%) | (8.5%) |
| **Total Federal Grants** | **$8,013** | **$7,081** | **$6,994** | **$6,962** | **($1,051)** | **(13.1%)** | **(4.6%)** |
| | | | | | | | |
| **State Categorical Grants** | | | | | | | |
| Social Services | $1,850 | $1,839 | $1,824 | $1,823 | ($27) | (1.5%) | (0.5%) |
| Education | 11,395 | 11,817 | 12,256 | 12,709 | 1,314 | 11.5% | 3.7% |
| Higher Education | 288 | 288 | 288 | 288 | 0 | 0.0% | 0.0% |
| Department of Health and Mental Hygiene | 531 | 500 | 500 | 500 | (31) | (5.8%) | (2.0%) |
| Other | 1,424 | 1,346 | 1,383 | 1,387 | (37) | (2.6%) | (0.9%) |
| **Total State Grants** | **$15,488** | **$15,790** | **$16,251** | **$16,707** | **$1,219** | **7.9%** | **2.6%** |
| | | | | | | | |
| **TOTAL REVENUES** | **$94,395** | **$94,594** | **$97,177** | **$99,511** | **$5,116** | **5.4%** | **1.8%** |

NOTE: Numbers may not add due to rounding.

# Table A2. November 2019 Financial Plan Expenditure Detail

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Change FYs 2020 – 2023 Dollars | Change FYs 2020 – 2023 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|
| Mayoralty | $167 | $156 | $155 | $151 | ($15) | (9.2%) | (3.2%) |
| Board of Elections | 251 | 131 | 131 | 131 | (120) | (47.9%) | (19.5%) |
| Campaign Finance Board | 28 | 14 | 14 | 14 | (14) | (48.6%) | (19.9%) |
| Office of the Actuary | 7 | 7 | 7 | 7 | 0 | 1.7% | 0.6% |
| President, Borough of Manhattan | 5 | 5 | 5 | 5 | (0) | (7.6%) | (2.6%) |
| President, Borough of Bronx | 6 | 6 | 6 | 6 | (1) | (8.7%) | (3.0%) |
| President, Borough of Brooklyn | 7 | 6 | 6 | 6 | (1) | (11.5%) | (4.0%) |
| President, Borough of Queens | 6 | 5 | 5 | 5 | (1) | (21.8%) | (7.9%) |
| President, Borough of Staten Island | 5 | 4 | 4 | 4 | (0) | (5.8%) | (2.0%) |
| Office of the Comptroller | 113 | 113 | 113 | 113 | 1 | 0.6% | 0.2% |
| Dept. of Emergency Management | 74 | 29 | 29 | 29 | (45) | (60.6%) | (26.7%) |
| Office of Administrative Tax Appeals | 6 | 6 | 6 | 6 | 0 | 0.7% | 0.2% |
| Law Dept. | 253 | 249 | 249 | 249 | (5) | (1.8%) | (0.6%) |
| Dept. of City Planning | 53 | 45 | 42 | 41 | (11) | (21.5%) | (7.7%) |
| Dept. of Investigation | 53 | 54 | 54 | 54 | 1 | 1.3% | 0.4% |
| NY Public Library — Research | 31 | 30 | 30 | 30 | (1) | (2.8%) | (1.0%) |
| New York Public Library | 155 | 150 | 150 | 150 | (5) | (3.2%) | (1.1%) |
| Brooklyn Public Library | 117 | 113 | 113 | 113 | (4) | (3.1%) | (1.1%) |
| Queens Borough Public Library | 122 | 118 | 118 | 118 | (4) | (3.2%) | (1.1%) |
| Dept. of Education | 28,007 | 28,060 | 29,003 | 29,827 | 1,821 | 6.5% | 2.1% |
| City University | 1,192 | 1,168 | 1,183 | 1,199 | 7 | 0.6% | 0.2% |
| Civilian Complaint Review Board | 20 | 20 | 20 | 19 | (0) | (0.6%) | (0.2%) |
| Police Dept. | 5,515 | 5,313 | 5,306 | 5,306 | (209) | (3.8%) | (1.3%) |
| Fire Dept. | 2,141 | 2,093 | 2,070 | 2,068 | (73) | (3.4%) | (1.1%) |
| Dept. of Veterans' Services | 6 | 7 | 7 | 6 | 0 | 6.6% | 2.2% |
| Admin. for Children Services | 2,708 | 2,695 | 2,687 | 2,687 | (21) | (0.8%) | (0.3%) |
| Dept. of Social Services | 10,272 | 10,077 | 10,066 | 10,065 | (206) | (2.0%) | (0.7%) |
| Dept. of Homeless Services | 2,149 | 2,127 | 2,124 | 2,125 | (25) | (1.2%) | (0.4%) |
| Dept. of Correction | 1,340 | 1,328 | 1,326 | 1,325 | (14) | (1.1%) | (0.4%) |
| Board of Correction | 3 | 3 | 3 | 3 | (0) | (4.0%) | (1.4%) |
| Citywide Pension Contribution | 9,853 | 10,001 | 10,426 | 10,463 | 610 | 6.2% | 2.0% |
| Miscellaneous | 11,628 | 13,023 | 12,843 | 13,715 | 2,087 | 17.9% | 5.7% |
| Debt Service | 4,143 | 4,237 | 4,564 | 4,950 | 807 | 19.5% | 6.1% |
| T.F.A. Debt Service | 2,974 | 3,275 | 3,608 | 3,992 | 1,018 | 34.2% | 10.3% |
| FY 2019 BSA and Discretionary Transfers | (4,221) | 0 | 0 | 0 | 4,221 | (100.0%) | (100.0%) |
| FY 2020 BSA | 550 | (550) | 0 | 0 | (550) | (100.0%) | (100.0%) |
| Public Advocate | 5 | 4 | 4 | 4 | (0) | (0.7%) | (0.2%) |
| City Council | 88 | 56 | 56 | 56 | (31) | (35.6%) | (13.6%) |
| City Clerk | 6 | 6 | 6 | 6 | 0 | 0.6% | 0.2% |
| Dept. for the Aging | 426 | 383 | 382 | 382 | (44) | (10.3%) | (3.6%) |
| Dept. of Cultural Affairs | 212 | 150 | 150 | 150 | (62) | (29.2%) | (10.9%) |
| Financial Info. Serv. Agency | 115 | 112 | 112 | 112 | (3) | (2.5%) | (0.8%) |
| Office of Payroll Admin. | 16 | 16 | 16 | 16 | (1) | (3.5%) | (1.2%) |
| Independent Budget Office | 6 | 6 | 6 | 6 | (0) | (3.8%) | (1.3%) |
| Equal Employment Practices | 1 | 1 | 1 | 1 | 0 | 3.9% | 1.3% |

NOTE: Numbers may not add due to rounding.

## Table A2 (Con't). November 2019 Financial Plan Expenditure Detail

| ($ in millions) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Change FYs 2020 – 2023 Dollars | Change FYs 2020 – 2023 Percent | Annual Percent Change |
|---|---|---|---|---|---|---|---|
| Civil Service Commission | 1 | 1 | 1 | 1 | 0 | 0.7% | 0.2% |
| Landmarks Preservation Commission | 7 | 7 | 7 | 7 | (0) | (4.2%) | (1.4%) |
| Taxi & Limousine Commission | 54 | 54 | 54 | 55 | 1 | 1.2% | 0.4% |
| Commission on Human Rights | 14 | 14 | 14 | 14 | (0) | (0.3%) | (0.1%) |
| Youth & Community Development | 835 | 613 | 614 | 614 | (221) | (26.5%) | (9.7%) |
| Conflicts of Interest Board | 3 | 3 | 3 | 3 | 0 | 0.8% | 0.3% |
| Office of Collective Bargaining | 2 | 2 | 2 | 2 | 0 | 0.7% | 0.2% |
| Community Boards (All) | 22 | 19 | 19 | 19 | (3) | (13.4%) | (4.7%) |
| Dept. of Probation | 118 | 115 | 116 | 116 | (2) | (1.4%) | (0.5%) |
| Dept. Small Business Services | 246 | 162 | 146 | 140 | (106) | (43.2%) | (17.2%) |
| Housing Preservation & Development | 1,247 | 995 | 1,014 | 998 | (249) | (20.0%) | (7.2%) |
| Dept. of Buildings | 209 | 199 | 195 | 190 | (18) | (8.7%) | (3.0%) |
| Dept. of Health & Mental Hygiene | 1,784 | 1,684 | 1,683 | 1,683 | (101) | (5.7%) | (1.9%) |
| NYC Health + Hospitals | 934 | 972 | 1,022 | 1,024 | 91 | 9.7% | 3.1% |
| Office of Administrative Trials & Hearings | 52 | 52 | 52 | 52 | 0 | 0.1% | 0.0% |
| Dept. of Environmental Protection | 1,427 | 1,363 | 1,347 | 1,338 | (89) | (6.2%) | (2.1%) |
| Dept. of Sanitation | 1,764 | 1,745 | 1,739 | 1,724 | (40) | (2.3%) | (0.8%) |
| Business Integrity Commission | 10 | 10 | 10 | 10 | 0 | 0.0% | 0.0% |
| Dept. of Finance | 319 | 315 | 315 | 315 | (4) | (1.4%) | (0.5%) |
| Dept. of Transportation | 1,145 | 1,115 | 1,124 | 1,125 | (20) | (1.7%) | (0.6%) |
| Dept. of Parks and Recreation | 548 | 482 | 487 | 487 | (61) | (11.2%) | (3.9%) |
| Dept. of Design & Construction | 273 | 165 | 165 | 165 | (108) | (39.7%) | (15.5%) |
| Dept. of Citywide Admin. Services | 516 | 525 | 538 | 530 | 14 | 2.7% | 0.9% |
| D.O.I.T.T. | 559 | 556 | 553 | 553 | (6) | (1.1%) | (0.4%) |
| Dept. of Record & Info. Services | 13 | 15 | 16 | 16 | 4 | 29.4% | 9.0% |
| Dept. of Consumer Affairs | 42 | 44 | 44 | 43 | 1 | 3.0% | 1.0% |
| District Attorney - N.Y. | 145 | 124 | 124 | 124 | (22) | (14.8%) | (5.2%) |
| District Attorney – Bronx | 92 | 91 | 91 | 91 | (2) | (1.8%) | (0.6%) |
| District Attorney – Kings | 123 | 119 | 119 | 119 | (5) | (3.7%) | (1.2%) |
| District Attorney –Queens | 79 | 76 | 76 | 76 | (2) | (3.0%) | (1.0%) |
| District Attorney - Richmond | 19 | 19 | 18 | 18 | (1) | (4.8%) | (1.6%) |
| Office of Prosec. & Special Narc. | 26 | 26 | 25 | 25 | (0) | (0.4%) | (0.1%) |
| Public Administrator - N.Y. | 1 | 1 | 1 | 1 | (0) | (13.6%) | (4.8%) |
| Public Administrator - Bronx | 1 | 1 | 1 | 1 | 0 | 0.5% | 0.2% |
| Public Administrator - Brooklyn | 1 | 1 | 1 | 1 | 0 | 0.9% | 0.3% |
| Public Administrator - Queens | 1 | 1 | 1 | 1 | 0 | 2.3% | 0.8% |
| Public Administrator - Richmond | 1 | 1 | 1 | 1 | 0 | 0.0% | 0.0% |
| Prior Payable Adjustment | 0 | 0 | 0 | 0 | 0 | NA | NA |
| General Reserve | 1,150 | 1,000 | 1,000 | 1,000 | (150) | (13.0%) | (4.6%) |
| Citywide Savings Initiatives | 0 | (45) | (51) | (53) | (53) | NA | NA |
| Energy Adjustment | 0 | 25 | 45 | 79 | 79 | NA | NA |
| Lease Adjustment | 0 | 37 | 75 | 114 | 114 | NA | NA |
| OTPS Inflation Adjustment | 0 | 56 | 111 | 167 | 167 | NA | NA |
| **TOTAL EXPENDITURES** | **$94,394** | **$97,609** | **$100,128** | **$102,708** | **$8,314** | **8.8%** | **2.9%** |

NOTE: Numbers may not add due to rounding.

.

NEW YORK CITY COMPTROLLER
**SCOTT M. STRINGER**

1 Centre Street, New York, NY 10007

(212) 669-3500 • comptroller.nyc.gov

@NYCComptroller